ISSUE NUMBER 262 | WINTER 2021 | ISSN 2049-8993

DIRECT COMMERCE

RELIABLY INFORMING THE ENTIRE DIRECT COMMERCE COMMUNITY

PROCOOK TOASTS ITS IPO

ProCook was officially admitted to the London Stock Exchange in November after floating with a market cap of c£158 million. The business was supported by Andrew Hodgson, corporate finance partner at KPMG Bristol who said: "It's been a great journey over many years advising Daniel, his family and the ProCook team. ProCook is a fantastic, growing brand with a disruptive direct to consumer business model. Together we've explored lots of options to take the business forward, including private equity and a sale to trade. In the end an IPO was the stand-out option for the business, its stakeholders and the founders, and we worked alongside them to select the right advisory team for the IPO. It's no surprise to me that this IPO has been a success and I look forward to watching the business and team go from strength to strength."

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Read our interview with ProCook founder Daniel O'Neill on page 21

Piper invests £35M in pet accessories brand Omlet

Piper has invested £33m for a significant minority stake in Omlet, the fast-growing design-led pet accessories brand which is sold exclusively online. Omlet is on a mission to become the number one global direct to consumer premium pet product brand, enhancing the experience of owning a pet for owners and pets alike.

The business was founded in 2004 by James Tuthill, Johannes Paul, William Windham and Simon Nicholls, who met at London's Royal College of Art where they completed a postgraduate course in Industrial Design Engineering. During their final year, they developed the Eglu, a revolutionary new chicken coop, which made it easy and fun to keep chickens in any garden.

The Eglu went on to win a number of awards, has been exhibited around the world...

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A month to go until Christmas and bang on cue, the temperature has fallen, the first frosts are here, and with this the spending on warm winter clothing has been ignited (at last). This will have come as a huge relief to many of our readers who are sitting on a mountain of cashmere sweaters, lambswool twin sets and cosy cardigans, not to mention slippers, jackets, coats and waterproof boots. The Christmas TV commercials are now appearing with increasing frequency. Aldi's Ebanana Scrooge wins hands' down in this house (I admit to having succumbed to the Kevin the Carrot advent calendar). Then other than M&S' Peppa Pig/Dawn French skit, sorry to say that most campaigns seem to have completely lost the plot. I will be heading up to London tomorrow for the first time in what must be 20 months, a very long time indeed. What

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CONTENTS

will interest me most is how the shopping streets, restaurants and pubs are faring. Whether they've suffered as many closures and changes of hands as there have been here in Devon. Whether those who live and work in the capital have less choice now than we do in the sticks where it remains possible to trade successfully as an independent, boosted by tourism and/or online channels – if you can get the staff, that is. WFH policies have made it possible for many to live rurally, or by the coast, and in areas where well paying jobs are thin on the ground. This has led to a severely depleted talent pool in many areas and a struggle to find suitably experienced staff, or indeed any staff at all. That of course, is a subject in itself and one we'll be tackling in our New Year issue.

Now approaching December and, always assuming that all of your stock eventually landed and is ready to fly out, now comes the very real challenge of your having enough staff to turn it all around and keep your customers happy. With shortages of seasonal staff across the board, from fulfilment and warehouse operatives to CSRs - to collection, sorting and delivery service personnel, it is going to be a tall order to deliver Christmas this year. Let's hope it will bring your entire teams together to share the load and celebrate your abilities to wow your customers.

Consumers though, having been schooled by the media and its scare stories of stock shortages, started their gift and 'treat' shopping much earlier than usual and that, together with the spike expected from Black Friday/Cyber Monday promotions, is spreading the load as we move closer to the big day.

Many readers I have been speaking with simply don't have sufficient high margin stock to enter the fray this coming weekend. Others are playing it down by simply offering a discount across some ranges. A few who have sat on previous seasons' unsold stock are expecting that this will be the time to finally cash in and clear it.

What I wish everyone, with the utmost sincerity, is a trading period that delivers on all counts and a Christmas that brings happiness to you, your team members, your respective families and friends. Stay safe & enjoy! We look forward to catching up in the New Year, if not before.

JRH

Menkind ‘takes’ Hawkin’s Bazaar & Stocking Fillers

Menkind has acquired Hawkin’s Bazaar and Stocking Fillers in a deal that includes the brands’ websites, stock and customer data. This will enable Menkind to extend its...

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Revolution Beauty posts strong half year growth

Revolution Beauty which floated on AIM earlier this year has posted group revenue of £78.6 million for the six months to 31st August, an increase of 39 per cent year on...

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Asda appoints chair and strengthens board

Asda has appointed Lord Stuart Rose as chair, effective 1st December. The retailer has also confirmed the appointment of Dame Alison Carnwath, the...

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Strong quarter for Very Group

Fashion and sports sales at The Very Group’s website helped to boost sales in the 13 weeks to 2nd October with a 3.9 per cent rise to £403.8 million. Meanwhile, Littlewoods...

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Lush takes consumer protection stance with social platforms boycott

Lush has said that it will be “turning its back” on Instagram, Facebook, TikTok and Snapchat on November 26, until the platforms take action to provide a safer...

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Marks and Spencer launches its first clothing rental service

Hirestreet has secured investment from Marks and Spencer’s Founders Factory, which invests in start-ups and emerging businesses, particularly in the technology...

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New CEO for ISawItFirst

Greg Pateras has confirmed to Direct Commerce that he has taken up the role of chief executive at ISawItFirst, the online fashion business...

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OnBuy marketplace reports strong year of growth

UK operated online marketplace OnBuy has reported a rise of 224 per cent in its annual revenues following an 80 per cent increase in its roster of merchants. Over the...

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Moonpig adds fragrances to beauty range

Moonpig, has now added fragrances to its expanding beauty range, including premium brands such as Jimmy Choo and Dolce & Gabbana...

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Gear4Music reports drop in revenues

Online musical instrument specialist Gear4Music has reported a fall in revenue in its interim results for the six months to 30 September 21, but in a statement said that...

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Fat Face enters pre-loved sales arena

Fat Face has launched an online retail second-hand store called 'Preloved. Reloved.' Highly visible, it can be found on its main website alongside its latest products...

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musicMagpie names new CFO

Matthew Fowler has been announced as the new CFO of "re-commerce" business musicMagpie. This follows the promotion of Ian Storey to the position of group COO...

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Hotter reports revenue growth

Hotter which has been focused on becoming digital-first, has reported strong sales across the 12 months to 31st October. The business has posted revenues of £50.4 million...

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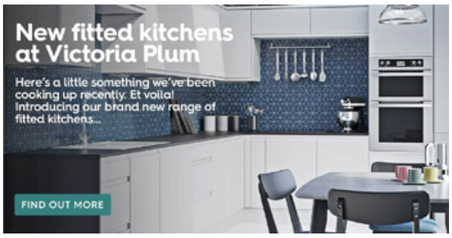

Victoria Plum launches first kitchen range

Online bathroom retailer Victoria Plum has launched its first kitchen products range as part of its ongoing ambitious growth strategy. The Doncaster-headquartered...

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Dobbies strengthens leadership team

Dobbies has appointed Richard Hodges as its commercial director and he will take responsibility for all trading and lead the roll-out of the company's small store format...

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Sportsshoes.com announces 37 per cent rise in sales

Premium online running shoes, running clothing and outdoor gear retailer SportsShoes.com has announced an increase in sales of 37 per cent to a record £92.2m for the...

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Whistl acquires Relish

Whistl has acquired Relish, an FMCG product sampling specialist from Kin and Carta plc, the international digital transformation consultancy....

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DCK Group launches children's accessories brand

DCK Group has launched Flitzy, a new children's accessories brand. Flitzy offers an innovative new range of fashion, hair and jewellery accessories to inspire mini...

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Clarks CEO steps down

Clarks has confirmed that Victor Herrero, who was appointed as CEO in February this year, has stepped down from the role but is to remain on its board and will be taking on...

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DCA member company Workwear Express sells to Bunzl Plc

A workwear company that commenced trading in 1989 has been sold in a deal purported to be c£50m. Companies House records show that control of Workwear...

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Pets at Home CEO to exit

Peter Pritchard who has been with Pets at Home since 2011 and as CEO since March 2018 is to leave the retailer next summer. He will leave with an impressive track record...

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AYBL attracts investment from Gymshark co-founder

Women's gym clothing business AYBL Group has attracted what it is calling a "significant investment" from Gymshark co-founder Lewis Morgan. AYBL Group which...

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Scotts & Co. launch Aston & Rose brand

A unique new direct-to-consumer (DTC) venture for fine jewellery and watches has been created with the launch of the Aston & Rose brand by multi-channel retail group...

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N BROWN GROUP PLC
Where Fashion Fits!

N Brown appoints chief operating officer

N Brown Group plc has confirmed the appointment of Nuno Miller as its new digital chief operating officer. He joins the business this month and will help to drive its...

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Loaf finds new investment

Online furniture retailer Loaf which also operates eight showrooms has apparently attracted investment from Blue Coast Capital, an investment house which is operated...

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Joe Browns

Joe Browns expanding marketing and eCommerce team amid plans to hit £100m in sales

DCA member company Joe Browns has revealed that it is targeting £100m in annual sales by 2026. Currently reporting year-over-year...

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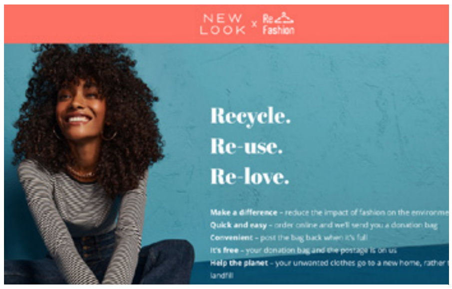

New Look ups eco credentials

New Look is partnering with Re-Fashion to encourage its customers to recycle their unwanted clothing. Re-Fashion donation bags can be requested, filled and returned...

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SURVIVE AND THRIVE DURING PEAK WITH AUTOMATION

BY DR PAUL RIVERS,
CEO, GUIDANCE AUTOMATION

VIEW ONLINE

The retail industry has had a rollercoaster of a year, from the high street being closed for months on end, to eCommerce operators managing the acceleration of demand during lockdown. Now open and back in business, both online and offline retailers are feeling the pressures ahead of the busy shopping seasons, with Black Friday and Christmas just around the corner.

But without investing in automation, how will retailers scale-up their operations quickly and seamlessly to meet peak challenges with depleted workforces and without incurring additional costs? It's now or never to embrace retail-tech and automate processes that benefit business in the short term while providing future-proofing, especially ahead of the eCommerce-boom.

PEAK SEASONS

Across the world, the impact of the coronavirus pandemic led to a decrease in spending during the 2020 holiday season. Many shoppers feared visiting stores, and the average footfall dropped by more than 50 per cent compared to 2019. Non-essential retail was shut over both the Black Friday and Boxing Day sales periods. So how will this compare to 2021 with no restrictions stopping shoppers from accessing these deals?

Christmas data predicts that sales will revert to pre-pandemic patterns, with retailers experiencing two peaks in Q4 trading – one at the end of November sparked by Black Friday and another during the week before Christmas. Therefore, the pressure is on for warehouse staff to manage these increased levels of orders. There is no doubt that retailers will also bring their deals forward to make up for last year's losses, but this will only create more pressure for fulfilment, and without the right technologies in place, retailers will either sink or swim.

COVID-19 CHALLENGES

Ahead of the peak seasons, retailers need to factor in the possible reduction of labour availability as COVID-19 cases continue to rise, as well as the increase in flu cases over the winter period. Many businesses rely on additional seasonal staff to cope with the festive shopping season, but this year, with statistics expecting a sales growth of 7 per cent, warehouses are not going to be able to meet consumer needs with just manpower.

And this isn't just applicable in warehouses. There has been a nationwide shortage of HGV drivers across every industry, which may

mean slower delivery times and a reduced volume of stock available. This has also extended to forklift truck drivers, which should prompt more and more UK companies to adopt automated materials handling equipment to optimise the efficiency of their warehouse processes.

The combination of consumer expectations, peak volumes and labour shortages make this a natural time to consider automation and robotics that can augment and transform existing operations.

MAKING THE AUTOMATION INVESTMENT

Digital transformation is fundamental for survival going forward, particularly for retailers operating this coming peak season as it ultimately gives them a competitive edge. Automation acts as a driver of efficiency and accuracy, which can streamline warehouse processes to cope with the demand of Black Friday and Christmas sales. With consumers wanting their presents to arrive in time for the holiday season, automation can ensure that customer satisfaction goals are met by getting the products to the right place, at the right time.

It may be too late to deploy transformative technologies to better manage the holiday shopping surges that will start in a matter of weeks, but there is no better time than now to begin that gradual implementation. An investment in automation and robotic solutions could prevent performance challenges during the next peak, helping retailers get ahead of the 2022 curve.

RESCALE AND REDEPLOY

By automating specific process-led roles, such as picking and packing in the warehouse, not only does it reduce errors and therefore costs, but it allows the workforce to focus on more complex tasks, such as decision-making. Automation technology and robotic systems can address outdated operations that rely too heavily on manual processes and inefficient workflows.

It also reduces the need to hire seasonal staff as robotics can be deployed to assemble typical eCommerce orders, making the warehouse less dependent on the additional labour workforce required to handle growing volumes of packages. It is never too soon to imagine a more successful peak season when reliance on labour is decreased, resulting in fewer errors occurring, higher output and improved safety.

CONCLUSION

Automation is a crucial element to retailers' holiday season success. Without it, there is little chance that the growing demands of customers will be met. The last year has demonstrated how quick businesses must be to transform their processes when faced with adversity, and particularly for retailers, has emphasised that there may no longer be just one peak shopping season.

Therefore, it is vital that if retailers want to keep pace with the digital economy, they must have the right technology in place to meet both expected and unanticipated demand. The automation boat may have been missed for some retailers in 2021, but If they don't act now and invest in these types of technology, they will miss another year of opportunities to leverage the benefits of shoppers returning both to the high street and online in their masses.

HOW TO WRAP UP A GREAT eCOMMERCE STRATEGY FOR THE HOLIDAYS

BY LAURA LOUGH, DIRECTOR OF
eCOMMERCE OPERATIONS, DIGITAL RIVER

VIEW ONLINE

It is no doubt that 2020 presented an array of economic and personal challenges worldwide. But, for the world of ecommerce, 2020 also brought unprecedented growth. As physical stores shut down, shoppers turned out online, even those who had never before considered purchasing that way. The outlook for 2021 is cautiously optimistic. While consumers may react to lifted social distancing restrictions with exuberant spending, they could also continue to squirrel money away over fear COVID variants might cause more economic upheaval during the winter of 2021-22. Experts are predicting another year of growth, but not at the breath-taking rates seen in 2020.

Whether the growth rate surges or stabilises, one thing is certain: new shopping behaviours learned by consumers because of COVID are here to stay. Contactless payments, mobile wallets and social spending all saw new consumer use in 2020, and consumers who have good experiences with them will no doubt use them again.

There are some fundamentals that eCommerce providers must take onboard now if they want to have a successful holiday season.

MEET YOUR CUSTOMERS' HIGH EXPECTATIONS

The days when fulfilment and supply chain were little-known eCommerce topics have gone. Shipping delays due to a surge in eCommerce demand in 2020 as well as the Suez Canal blockage in March of 2021 brought fulfilment issues to the front page, literally.

Adding to the challenges are current HGV driver shortages and supply chain disruptions. The upshot is that supply chain issues will continue to challenge eCommerce brands for the foreseeable future.Those ramping up closer to the holidays will find challenges ahead. Whether you're ahead of the game or playing catch-up, you can develop fulfilment strategies that will serve you well in the years to come, as supply chain issues are not going away anytime soon.

Businesses can use their data to intelligently predict consumer behaviour, allowing them to be ready for surges in demand for different products and locations. Avoid costly returns by giving the shopper an overload of information such as product images, comparison charts and reviews. To simplify reverse logistics and appeal to your customers, consider partnering with third-party drop-off sites for brands that don't have physical stores.

Most critically, brands must communicate clearly, effectively and transparently with customers. They cannot expect sympathy from customers if fulfilment issues outside of their control delay delivery. Customers have come to expect shipping that fulfils their needs and desires—not the needs of retailers.

BE LOCAL AND ACCESSIBLE

Many eCommerce marketing best practices that were true pre-COVID will continue to hold true this season. Retailers must develop unique customer acquisition strategies and marketing collateral for each market they enter — translated content isn't enough. They should also use local channels, and messaging should remain cohesive across channels.

It's critical to incorporate social buying into your marketing strategy as more customers are engaging with brands on their preferred platforms, which are increasingly social. Mobile commerce is another critical component to your marketing strategy, and it's important to develop an optimised and responsive mobile experience for your customers.

Another important consideration is making sure your D2C platform is accessible to those with disabilities. Remember that COVID has affected various areas of the world differently, so tailoring your messaging to local realities is critical.

PAYMENT STRATEGIES AS A TOOL FOR BUSINESS SUCCESS

Payment systems are so important for brands that they should constitute a strategy in and of themselves, rather than just a back-office tactic. Over the pandemic several payment systems have become business critical:

- Digital Wallets: Consumer use of digital wallets surged during the pandemic. Chinese shoppers made the bulk of digital wallet purchases. In the US, digital wallet usage was up nearly 24 per cent over 2019 numbers.
- BNPL: Buy now, pay later (BNPL) is another payment method that is quickly rising in popularity. Brands offering BNPL have reported a 45 per cent increase in average order value when customers pay in four instalments.
- Mobile: Consumers are continuing to rely more heavily on their smartphones to make purchases in 2021 and beyond. It's critical for brands to optimize the mobile experience with payment methods that allow shoppers to pay with one touch of a button rather than entering a credit card number.
- Direct Debit: Direct debit is another payment method that brands should consider adding to their online store. In this scenario, which is most popular in Europe, the retailer withdraws money directly from a consumer's bank account.

LEAN ON TECH

Underpinning every aspect of an eCommerce strategy is data. Businesses must leverage their data by developing a comprehensive customer-centric system that includes the entire customer lifecycle, including search, payment methods, and sales and shopper support data.

eCommerce providers can boost conversion rates, improve customer experience and reduce false declines by using a local payments processor that understands each market you're in. Ensure that your payments partners are using retry logic to automatically route payments in a way that maximises the likelihood of authorisation.

Retailers simply must prepare well in advance for a surge in traffic to their platforms. If 2020 is any indication, the number of shoppers transacting through your platforms at any given time can vary wildly. That's why it's critical to test your system well ahead of time to ensure it can handle the load and make the adjustments early. More than any time of year, a failure to prepare spells trouble.

Finally, companies should select their partners carefully. They should look to work with back-office experts with specific tech and market experience. Appropriate partners can facilitate your brand to deliver tangible results this holiday season, ensuring you finish the year with a bang.

HOW CAN RETAIL CONTACT CENTRES GET AHEAD OF THE BLACK FRIDAY AND CHRISTMAS RUSH

BY GARY BENNETT,
VP UKI/MEA/NORTHERN EUROPE,
ENGHOUSE INTERACTIVE

VIEW ONLINE

The shopping frenzy of Black Friday and Christmas is fast approaching, and this year looks set to be an even more challenging season thanks to the ongoing supply chain disruption that is affecting businesses across multiple sectors from manufacturing to logistics and retail.

Inevitably, shoppers eager to pick-up their bargains, whether from shops or online, are likely to be impacted by the disruption with frustrating order delays and lack of product availability, resulting in spikes in customer complaints, made worse at a time when resources will be more stretched than usual with many customer service agents still working remotely.

How these customer complaints are dealt with can make a huge difference between losing business and actually strengthening the all-important customer relationship. Fortunately, technology can play a key role in assisting retail contact centres to prepare themselves for any level of demand and to make sure quality customer service is always able to be delivered by using the best cloud-based contact centres.

SELF-SERVICE OPTIONS

Invariably, customers want their issues dealt with quickly and efficiently, where many expect to receive a response from an email within an hour and an answer to a tweet within minutes. However, this can be mitigated if information is readily available where self-service options are provided, giving customers access to information and status updates on when to expect the delivery of their order for example.

CLOUD CONNECTIVITY AND VIDEO COLLABORATION

Consumers expect their customer service experience to be an easy and straight-forward process, but they also want to be able to connect at a personal level, and not forced to speak with an automated robot or placed on hold in a long waiting queue.

Video conferencing can serve as an effective channel to establish more personal connections with customers. Often when faced with

a problem, particularly a technical one, customers may require some handholding through issues. Having a service agent on hand, working through an issue can make the process a lot easier, with the added convenience of offering co-browsing capabilities and sharing URLs, saving time and further frustration.

And during this time of the pandemic, cloud contact centres enable customer service agents working from home the ability to connect via a video platform from anywhere that has internet access.

HAVING THE ANSWER TO HAND

Having clear customer service processes are pointless if the retailer is unable to provide a satisfactory answer for a customer's complaint.

Therefore, use of a centralised knowledge base can underpin the customer service process, providing agents with instant access to the latest and consistent information to resolve issues.

This same knowledge can power customer-facing self-service solutions that make it easy for consumers to help themselves. Options such as web self-service, IVR, chatbots, automated emails and SMS all streamline the process. These all deflect more routine queries before they come into the contact centre and give customers faster answers, improving the customer experience.

CLOUD TECHNOLOGY INVALUABLE IN COPING WITH UPSWINGS

Cloud technology can be invaluable to contact centres as they cope with larger than usual volumes of customer enquiries.

Retail contact centres can increase their capacity to match demand, whether it is planned or unplanned, all while only paying for what you use. And cloud-based contact solutions are also well suited to supporting remote working, allowing businesses to bring on additional agents to 'ramp up' quickly in case of an upsurge in demand.

Ahead of a time of increased customer demand, contact centres need to be agile enough to deal with this quickly and efficiently. The latest cloud contact centre solutions will allow this and much more, ensuring a smoother and more positive customer service experience.

DON'T GET ABANDONED AT CHRISTMAS

SLOW DOWN TO SPEED UP SALES AND REDUCE CART ABANDONMENT

BY MATTHEW FURNEAUX, GLOBAL COMMERCIAL DIRECTOR, LOCATION INTELLIGENCE, GBG

VIEW ONLINE

As we speed towards Christmas, we are seeing some interesting trends emerging for direct/eCommerce brands and retailers. Not least, the emergence of good-friction bad-friction consumer preferences as a key driver of customer experience and cart abandonment.

According to the 4,500 consumers we asked in our recent 'Future of the Checkout' report, 44 per cent say they will not return to a site if it has a poor checkout experience, and the average customer abandons their online shopping cart six times a week due to this very issue – poor experience. In this golden quarter period, money is going elsewhere to competitors that match up to consumers 'experience' expectations and patience levels.

Perhaps surprisingly one of the main findings was the desire amongst shoppers for retailers to slow things down. 55 per cent of people in the UK say they prefer a 'slower online purchasing journey' – flying in the face of common wisdom that shoppers are always demanding instant gratification.

The reality is that this is very much dictated by what people are buying. For low value, often repeat purchase items, speed is crucial, and people want a frictionless experience and transaction. However, when it comes to buying high-value items, there is a push against a fast, one-click experience. Instead, people are looking for a slower online experience with over three-quarters of respondents (78 per cent) saying they want longer to mirror how they would shop when visiting a physical store.

Many brands and retailers have done well here – offering virtual trials of products, AI-driven personalisation, and even one-to-one appointments. The physical act of browsing a catalogue, for example, also builds in good friction and is one that people can control. The key is to get the balance of friction right – slowing things down so that people can take their time and enjoy the experience of shopping online, but ensuring the right checks are in place to boost trust, reduce risk and costs.

Another crucial factor in the importance of slowing things down to increase sales is the need to build trust. 60 per cent of consumers say

that they don't trust a website if they are rushed to payment.

With fraud on the rise, and with consumers spending increasing amounts of money online, and on gifting, a rush to the checkout is, actually, leading to lost sales in some scenarios.

Rather than just wanting retailers to offer speed and convenience, consumers increasingly want to trust who they're buying from. Failing to build that trust is leading to retailers losing millions of pounds per year in lost custom, as shoppers want to see that retailers have taken active steps to prevent fraud and protect their personal details.

Businesses need to introduce 'positive friction' into the sales journey – bringing in the right kind of verification and fraud prevention checks, at the right time, to build confidence and trust to aid the customer experience, rather than hinder.

When it comes to investing in customer experience, slowing things down and building trust could be the real differentiator – the thing that sets you apart from your competitors. But remember, when the shopper is ready to checkout and pay it shouldn't be made hard for them. 28 per cent of all respondents in our survey say that their main reason for abandoning a purchase was that it took too long to enter their details.

Entering incorrect details is also a big factor in late and failed deliveries. Here, an autocomplete address capture is a real simple win for retailers to both reduce cart abandonment and also cut the cost of missing and failed deliveries. Over a third of respondents (36 per cent) also say that creating an account was their top reason for cart abandonment. Again, something as simple as offering guest checkout could easily remedy this issue.

Online shopping is certainly here to stay – 72 per cent of consumers have a greater reliance on online shopping compared to pre-pandemic – so retailers need to make sure that they are providing the best customer experience at each and every stage of the customer journey. No one wants to be abandoned at Christmas.

THE RISE AND RISE OF RETURNS: REFINING THE REFUND EXPERIENCE

BY KARL MACGREGOR,
CEO & CO-FOUNDER, VYNE

VIEW ONLINE

When examining the retail sector today, one thing is certain – the rapid growth in eCommerce has become truly impossible to ignore.

Cranked up relentlessly by the COVID-19 pandemic, the speed at which retailers and consumers alike have shifted online has skyrocketed. In fact, 2020 saw the highest growth in online retail sales of the past 13 years, with a whopping increase of 36 per cent. Despite lockdown restrictions easing, these sales will have continued to climb an estimated 13.7 per cent by the end of 2021.

Adapting to virtual sales when it was impossible to shop for non-essentials physically is what helped to keep many businesses afloat during the pandemic, but by no means did it free them from trouble. There is now a new issue to face: with ever-increasing online sales comes an inevitable rise of serial returners.

Aptly named, serial returners are those shoppers responsible for an excessive amount of returns. While some customers simply struggle to control their shopping habits, research shows that 30 per cent intentionally over-buy, with a plan to later return their unwanted items. This is particularly prevalent in fashion eCommerce, with clothing and shoes coming out on top as the most frequently returned products.

It seems to have become a modern-day habit to add multiple options to your basket, safe in the knowledge that many retailers now offer free returns. For many consumers, this even became a form of entertainment during lockdown. For retailers however, handling this rise of returns has slashed profit margins, putting their business continuity at risk.

THE NIGHTMARE AFTER CHRISTMAS

As the time for gift-giving looms, merchants must be especially prepared for an upsurge in refund requests. Last year, in the US alone there was an estimated $70.5 billion in returns following the holiday season. With the demand so high, several major retailers were forced to urge consumers to skip the returns process entirely, as it became cheaper to simply reimburse the purchase price than receive the product back.

In turn, these soaring return rates will begin to have a negative effect on consumers too, with 20 per cent of British companies already stating they have

increased the price of products to cover the cost of returns. If this trend continues on the same trajectory, it is only a matter of time until other retailers are forced to follow suit.

I can't help but think that we wouldn't be in this position if current payment methods weren't stacked against merchants. Traditional refund processes are broken and costly – an updated, reliable alternative is clearly needed.

BETTER REFUNDS; LOYAL CUSTOMERS

It was no surprise to me to read that 3 in 4 shoppers believe the overall returns experience impacts their likelihood to purchase from a retailer again. In short, customers want their money back as efficiently as possible, or they won't be revisiting.

With that in mind, outdated refund methods are simply no longer good enough. Not only are they costing merchants revenue, but they also take too much time. The refund needs to go through several middlemen before landing back in the consumer's bank account, causing delays, which consequently result in dissatisfaction and customer complaints. Fortunately, open banking presents a solution to all these issues.

Faster refunds are key to helping businesses survive during this post-COVID era. As a result of the pandemic, retail profits in the UK are expected to shrink £8 billion by 2025 and 3 in 10 retailers claim that serial returners are the cause. But content customers are loyal customers and, as such, they are a sure-fire way to continue driving sales and limiting profit loss, particularly for low-margin retailers.

Account-to-account refunds happen in real time, revolutionising the speed of refunds by making them instant. Shoppers can also relax in the faith that pay-outs via open banking guarantee funds are returned to the initial payer's account, significantly reducing the chance of fraud.

For merchants, increased customer satisfaction is only one of the many benefits that comes from switching to account-to account refunds. Open banking also allows retailers to bypass the card networks and their associated fees - subsequently empowering business growth by reducing costs, increasing conversions and improving cash-flow. It's a clear win-win.

With consumer demands ever-evolving, businesses who fail to adopt next-generation refund processes will only condemn themselves to unhappy customers, and ultimately, loss of revenues. It is crucial that merchants get on top of this growing trend, or they will pay the price.

A GOOD CONNECTION IS NOT JUST FOR CHRISTMAS

BY NICK SACKE, COMMS365

VIEW ONLINE

Peak season trading this year is set to be more difficult than ever for retailers. Unprecedented supply chain disruption is threatening to decimate stock levels. Post-COVID customer behaviour is unpredictable – with some customers relying ever more heavily on ecommerce; others heading to the high street to get ahead on Christmas buying in response to fears of shortages. How can retailers attain control over the end-to-end business and meet customers' ever rising expectations and desire for a high quality and slick experience?

Reliable, high capacity internet connectivity is now an essential component of successful retail operations. From ensuring an inspiring in-store experience to enabling efficient, intelligence-led logistics, connections need to be continuously available, with the fast bandwidth required to minimise lag and ensure seamless operations.

From rapidly deployed portable wireless solutions to support seasonal pop-up shops or temporary warehouses, to bonded solutions that deliver the fast, resilient connections required for effective retail operations throughout the year.

CUSTOMER EXPERIENCE IMPERATIVE

Retailers have been encouraging customers to get ahead this peak season – and many have responded, opting to shop early and stock pile items, from toys to food, well ahead of the usual spikes at Black Friday, Christmas and Boxing Day sales. Activity is both online and in-store, with changing behaviour driven both by a population desperate for face-to-face interaction and a recognition of the difficulties in getting goods delivered to the home and to the stores.

For retailers, this is a perfect moment to enthral these customers with an excellent experience; a chance to explore innovative new technologies such as digital signage and intuitive self-service to reinforce customer desire for an in-store interaction. Yet how many retailers feel confident in their ability to deliver that experience during busy periods when every aspect of the retail experience – indeed, every element of the total product offering and the resultant consumer assessment of the experience - is dependent on an Internet connection? Even a small slow-down in connectivity will affect the speed with which payments can be processed – adding to delay at the counter or checkout, leading to longer queues, tying up staff and deterring customers from making a purchase.

There is a future store concept being trialled right now by major brands in the UK where there are no tills or staff to man them –

products are picked by the customer and billed automatically to their accounts. More than ever, internet quality and resiliency will be the cornerstone of a good customer experience in these new retail environments.

And for those retailers still reliant on the more traditional experience, they don't want to be forced to choose between processing payments or playing Christmas music. They will be disappointed if innovative new digital signage or self-service kiosks have to be mothballed to ensure staff have access to product information and the ability to place orders for customers. This year more than ever, no independent retailer needs to make in-store trade-offs that reduce the quality of customer experience as a result of glitchy, slow or under capacity Internet connections. Particularly given the fact that a poor experience will, perhaps irrevocably, undermine the consumer opinion of the retailer's customer service levels and their propensity to shop there again.

SUPPLY CHAIN OVERHAUL

And that is just one part of the complex retail model. Online sales demand continues to be strong, reinforcing the pressures on warehouse and distribution. With the well-publicised lack of HGV drivers – and Amazon's recent £3000 payment to attract peak season staff from the competition – retailers are not only considering new distribution models to add contingency, but also actively exploring automation to fill the gaps in available workforce.

Many companies have increased stock levels where possible, investing in smaller, local warehouse locations and designing local fulfilment models. Retailers have also embraced innovative warehouse management technologies to support the single item picking required for eCommerce fulfilment, alongside store fulfilment.

Yet despite the fact that – irrespective of the model adopted - all these changes

CONTINUES OVERLEAF >

and innovations are totally dependent upon excellent, real-time communications links, this vital component of efficient logistics is, more often than not, the last part of the puzzle to be considered. Even assuming that a fixed lined fibre optic connection is available – which is certainly not always the case, especially in rural areas and greenfield sites – it can take weeks, even months to get the service provisioned. Even then, one fibre optic connection is a single point of failure – and even a short break in the connection can result in massive upheaval, disruption and loss of revenue

CONTINUOUS, HIGH-PERFORMANCE, RELIABLE

Retailers urgently require reliable, adaptable connectivity for both warehouses and stores; connectivity with the capacity to scale up to meet peak demand and the resilience to reduce the risk of interruption and downtime. And it needs to be rapidly deployable to meet immediate business needs – which is where wireless is playing an increasingly important role.

Portable wireless connectivity can be deployed within days, providing stores and warehouse facilities with the capacity required to manage peak demand. But don't rely on a single connection – to achieve ultra reliability businesses of every size need multiple connections. Using a bonded solution that orchestrates these connections together, uptime is maintained and capacity maximised. And, where 4G (or 5G) wireless connections are used in tandem with existing fixed line resources, the solution becomes a fully resilient solution – using wireless to enhance capacity and performance, or as a failover when the fixed connection fails; reverting back to the fixed line automatically when it is available.

The great news is that this technology is inherently portable, adaptable and scalable – which means it can be deployed quickly and effectively to meet retailers' immediate needs, from pop up shop and temporary warehouse, and with business continuity plans in mind, provide a robust, scalable and resilient solution for long term business goals.

CONCLUSION

This latter point is key. Yes, the retail industry and its supply chain have an unparalleled challenge this year: peak trading will be difficult to manage at every level, from sourcing stock to managing demand. But reliable, high-performance connectivity is also a prerequisite for effective retail; without confidence in the ability to attain immediate access to data throughout the supply chain right into the store, retailers cannot embrace the innovation required to optimise the customer experience or the automation needed to improve logistics operations and minimise reliance on an increasingly scarce workforce.

Good, reliable and scalable internet connectivity will help retailers to manage this year's peak season but it should also be the bed rock of future strategy and operations planning. This is not a short term need: a good connection really isn't just for Christmas.

Q & A WITH... DANIEL O'NEILL, FOUNDER OF ProCook

CLAIRE HART, ASSOCIATE CONTRIBUTOR, DIRECT COMMERCE MAGAZINE

VIEW ONLINE

Entrepreneur and self-confessed "foodie", Daniel O'Neill, founded ProCook, the UK's leading direct-to-consumer specialist kitchenware brand, from his Cotswold home in Gloucestershire 26 years ago.

ProCook®
Why Pay More?

Now with 53 stores UK wide and a strong online presence, ProCook has not only weathered the Covid storm, but has positively thrived. Profits are set to top £10 million this financial year on a turnover of more than £50 million with profits having increased by 40% year on year in the last quarter. Having floated ProCook on the Main Market of the London Stock Exchange this November with a valuation of £158m and as a multiple DCA award winner, Daniel shares some of the secrets of his success.

HOW AND WHY DOES SOMEONE WITH A BACKGROUND IN SOFTWARE DEVELOPMENT CREATE A COOKWARE EMPIRE?

As a family, food has always been a big thing and this became more so when we were in our twenties. My brother and I left home quite young and for us our love of food was always around Sunday lunch which became a bit competitive! I wrote software for about 7 or 8 years but when I decided to do something together with my brother and my mum, Peggy, it seemed natural to pivot around food and it became an obvious choice. I still enjoy cooking now and have recently been to our ProCook Cookery School (In Tottenham Court Road, London) to learn how to make tapas and paella and lots of other lovely dishes, so yes, I love to cook!

HOW DID IT ALL START?

We started off in Mail Order and our very first retail launch was within the BBC Good Food Magazine, where we placed a single page advert. The offer was a 12-piece stainless steel cookware set which we sold for £199 in four easy instalments, and generated £77,000 from the one advert, so it was an immediate success.

CONTINUES OVERLEAF >

SO YOU THEN MOVED INTO SHOPS - WHAT IS THE ACTUAL PROPOSITION?

We don't mind where somebody buys from us. The important thing is that they buy it direct from us. We like to know our customers, so even in store we collect almost 70% of emails from people who purchase in our stores, and obviously 100% from those that buy from us online.

Knowing your customer is key, and that is a reflection of our mail order background - it's always been in our DNA! We started off in the mid-90s in Mail Order. Then by 1999 we opened our first store in Mansfield which was very successful. We have just opened our most recent store in Cribbs Causeway this October, and we are opening shops at Westfield London and Westfield Stratford in December taking our store count up to 55. We have ambitions to increase our estate in the UK to around 70 stores.

IS THERE AN ENTRY LEVEL THAT PEOPLE COME IN ON AND THEN HOW DO YOU MANAGE THAT CUSTOMER JOURNEY TO CROSS-SELL AND UPSELL TO GIVE A BETTER LIFETIME VALUE?

From a price point of view, we have very different average transaction values. Typically, it is over £70 on the website and just over £30 instore, and when we open a new store that average price is closer to £80. If you buy a cookware set from, say £100 to upwards of £600, it is quite a considered purchase, so we find that the longer we know someone; the longer a shop is open, the ALV will lift accordingly. Online, the sweet spot for initial purchase is no different to everyone else's, products under £100. We do mix it up - we may sell a knife for under £20 which tends to get really high engagement, for that second purchase.

If people purchase a smaller cookware range, we can sell them a matching lovely wok or sauté pan, so it is very easy for people to add to their set and keep growing the same range.

AT THE CONFERENCE, NIGEL SWABEY HIGHLIGHTED THE IMPORTANT ROLE THAT A CATALOGUE CAN STILL PLAY WITHIN THE MARKETING MIX

The catalogue, I completely get - we offer everybody who comes and buys from us a catalogue. I still think that with more time at home there is a place for catalogues, they are very valid today. You have got to give people a choice. It's important to be omnichannel and sell everywhere and that includes offering a catalogue option.

WITH ONLINE SALES ACCOUNTING FOR OVER 50% OF SALES, HOW DO YOU DRIVE TRAFFIC ONLINE AND ENGAGE WITH PROSPECTS AND WHAT EMAIL MARKETING DO YOU DO TO DRIVE PEOPLE INTO STORE OR ONLINE?

In terms of how we segment, for quite a long while we just kept to the one big segment which worked really well for us as one large group, but we have started to look at this a bit more carefully and move it forward. We now have retail and web split separately, categorised by when we recruited them, which has definitely helped. The retail emails now target just those retail customers, and we email those less because people would only tend to visit one of our stores at most 2 or 3 times a year, so emailing them lots and lots didn't really make sense. The content will also differ in terms of what's going on - it's a bit more personal.

DO YOU USE INFLUENCERS WITHIN YOUR MARKETING MIX?

Yes, we do use them a little bit and it is an interesting field. It's quite a tightrope trying to get the right one but worth exploring. If you're looking for cookware Google will find you, but interrupting people's social time on mobile or tablet, that is where we have to get to - rather than reacting to them, we should create a proactive approach.

WHAT TIPS FOR KEEPING CUSTOMERS ENGAGED ON YOUR WEBSITE?

Keep it simple and appreciate what your audience is expecting to see.

HOW DID BREXIT AND THE PANDEMIC IMPACT ON YOUR SALES AND STOCK MANAGEMENT?

You create luck don't you. When the shops closed and people wanted to update and replace their kitchenware, a lot of places ran out of stock and couldn't get anymore very quickly. We were very fortunate as up to that point about 60/65% of our sales came from retail, so when the stores closed and everyone tried to buy online we had a significant amount of stock that we were able to divert from retail to our ecommerce side.

An added advantage was that, as we all know how Google works, we kept converting those sales and our ranking with Google kept growing. We took the decision that when the shops reopened, it wouldn't all migrate back, and we would continue with strong web trading. We re-ordered assuming that we would hit that growth number, which was, at the time, a brave decision because we could have been quite heavily over-stocked, but it worked out ok. As stores reopened, they bounced back and the rankings we achieved with Google stayed, and it looks like it's going to be up on last year.

HOW ARE YOU ADDRESSING THE NEED FOR SUSTAINABILITY AND LOCAL SOURCING?

We always look at ways to be sustainable. We are trying to eradicate the use of single use packaging which we have taken out of 90% of our product packaging. We are very passionate about making sure we do our bit, such as minimising the print runs in what we produce and looking to offset carbon emissions. We have tried to source in the UK where we can, and we have been successful with a couple of things, but often with the volumes we require it simply isn't possible.

We are working with a partner in Europe and we are shipping from the UK so it involves double the mileage but we are hoping to start shipping direct from the suppliers into Europe rather than in from the UK.

WITH THE BENEFIT OF HINDSIGHT WHAT TIPS WOULD YOU SHARE?

When we started, one of our competitors was Steamer Trading who we then acquired at the start of 2019. They had a successful model, selling other people's brands and we were trying to build our own brand. As the internet grew, so did the ability for people to shop around, for branded purchases either online or in stores. This unfortunately became the demise of Steamer Trading. We did try and rescue it and focused on the 'best of brands' but people have become very savvy shoppers, and will literally walk into a shop and scan the code of a product and find out what price they can buy it for.

So, my advice is that whilst it might be harder to start with, and the reason why ProCook has got to where it is today, is to be a brand that is sold direct

"...don't be dependent on anyone else, be your own brand."

to the consumer that can't be purchased elsewhere. We control every aspect of the operation, from the price point and how it is presented. Our ability to launch is so much tighter than being manufacture reliant- don't be dependent on anyone else, be your own brand.

WHAT IS YOUR FAVOURITE PRODUCT?

We introduced a range of Damascus Japanese stainless-steel knives at the start of 2021 called Damascus 67, and they have sold really well. We designed everything to do with it and took it to the n'th degree - the block they sit in is beautiful. I am very lucky that I am able to design beautiful products and bring them to market.

WHO DO YOU SEE AS YOUR COMPETITORS?

The biggest is Amazon which is probably everybody's competitor. John Lewis is incredibly strong, and Lakeland, although they seem to do more homeware than us, we focus on kitchenware. Plus, all the new kids on the block we have to look out for that are active on Instagram and Facebook.

WHAT ARE YOUR PLANS FOR THE FUTURE?

We've just floated on the London Stock Exchange which is exciting, offering a wider share option with our team. We will open a few more stores and increase our brand awareness. Omnichannel works well and we see a peak of online sales where we have stores. Range extensions plus tableware- a relatively new category for us but is doing really well.

We plan to launch into Germany, at the back end of this year/ early next year, taking our story to Netherlands, Germany and then on to France.

FINAL NUGGETS OF WISDOM?

To be successful pick something that you really enjoy otherwise it becomes a chore. If you're passionate about what you do, and you work with passionate people and get the right ones, it helps massively.

MARKETING TO THE MATURE – FIVE STRATEGIES TO BOOST YOUR BOTTOM LINE

BY LARA BONNEY, CO-FOUNDER & BUSINESS DEVELOPMENT DIRECTOR, THE TAPESTRY AGENCY

VIEW ONLINE

Many surprising things happened in the world of retail in the last few years. A real eye opener for multi-channel retailers was the speed that previously reluctant older customers took to shopping regularly online, with the number of over 55s trebling this year alone.

Despite previous perceptions about targeting an older demographic online, the investment is now paying off for many, with multi-channel retailer Chums reporting a 175 per cent increase in mobile traffic from this age range.

At Tapestry, we work closely with several brands that serve the mature market, and we see the trend towards online continuing. The familiarity and positive experience of purchasing online during the lockdowns means a large proportion of older customers now combine online and in-store shopping.

So as mature customers engage more online, how can multi-channel retailers retain engagement across their preferred channels to keep them coming back for more in 2022?

1. OLDER CUSTOMERS SHOP WITH BRANDS THEY TRUST

While millennials and younger shoppers will buy on impulse, mature customers prefer to build trust in a brand over time. Often having more time to research their purchases, and higher levels of disposable cash, they want to spend wisely. Therefore, marketers should look to capture their attention with organic search and brand paid search, if they're not doing so already.

Mature customers also value reviews and recommendations, so it's a good idea to encourage customers (of all ages) to leave their stories and reviews. Nurture campaigns – ie: structured, timely emails that talk about the brand and its values, offer updates and provide a strong call to action – are also a good way of keeping up momentum when it comes to engagement.

2. SAFETY ONLINE IS A PRIME CONCERN

For the over 60s particularly, a lack of confidence in online safety impacts their willingness to embrace ecommerce. And this goes hand in hand with building trust in your brand. Reassure customers about your security systems, make the purchasing process easy, provide clear instructions, and check that your whole website infrastructure (eg: point of sale system, encryption technology and fraud detection) is geared towards protecting purchasers.

3. MATURE CUSTOMERS ARE USING MORE DEVICES, MORE OFTEN

As our Insight Director David Lockwood observes in a Retail Commerce Discussion about meeting the needs of the over-50s consumer, opportunities to engage this cohort online are multiplying now that they are buying new devices and embracing shopping on their mobiles. Habits that were once the preserve of millennials, such as scrolling through a phone while watching TV, are being adopted by older people, too.

As mature customers embrace more channels, brands should grasp the opportunity to feed their messages into multiple outlets at once, amplifying the impact of their marketing effort. But this is no time to ditch offline marketing activities, such as catalogue mailings and in-store promotions. Using print alongside digital will be the most effective way to drive response. Similarly, invest in multi-pronged approaches that engage audiences both when they are actively searching and when they are in leisure mode.

4. SOCIAL MEDIA HAS BEEN A LIFELINE

During the lockdowns, social platforms served as a support channel for older generations like never before. Facebook remains their favourite, with 46 per cent of over 65s, and 68 per cent of those aged 55-64, using it regularly. YouTube is popular too, with over 55s watching an average of 22 minutes of video every day.

However, 'younger' platforms such as Pinterest and Instagram have received a deluge of older followers, so marketers need to build campaigns that attract older customers across all existing social platforms. Our recent research for a client with a strong older customer base revealed a much higher than anticipated ROI for their paid social campaigns.

Keep an eye on how social platforms evolve and be prepared to add new ones into the mix. Pinterest is working on improvements to its marketing features, and some of the more traditional brands are jumping onto TikTok at pace. Look out, too, for Instagram Reels, which may soon develop into a platform with the potential to showcase a brand's personality in ways that appeal to older consumers.

5. THE PERSONAL APPROACH IS POWERFUL

When it comes to customer service, mature shoppers prefer speaking to a real person (not a chatbot). Our clients' customer data shows that higher conversion rates and order values result from campaigns that encourage customers to call a sales line. Just make sure the phone number is visible on each landing page and in every email, display ad and piece of printed collateral.

Explainer videos, using real people and offering product demonstrations, also add the human touch. That's why QVC is often effective, and it's a compelling reason to think about creating helpful videos around your products. Making these age-appropriate will help to ensure they are engaging. As Woman & Home's Executive Editor, Miranda McMinn, notes, using photos of older individuals elicits more powerful, positive responses.

Here at Tapestry, we work with several clients with an older following, including Cosyfeet, Parsley Box, Cotton Traders, Lily Ella and Museum Selection, to help them understand changing customer behaviours, and measure the performance of their marketing strategies across channels.

DCA AUTUMN CONFERENCE 2021 TAKEAWAYS

CLAIRE HART, ASSOCIATE CONTRIBUTOR,
DIRECT COMMERCE MAGAZINE

VIEW ONLINE

Whilst the DCA Autumn conference held on 21st October was once again virtual, this in no way impacted the quality and content of the sessions. Feedback from delegates has been very positive with many saying how valuable the sessions were, even if they could not attend in person.

We have all had to adapt to a new way of working and recurring themes throughout the conference revolved around supply chain issues, rising costs, and the need to remain agile. There was still a strong argument for the role that direct mail plays within the marketing mix. The importance of the customer journey and using the correct measurement metrics, holds as true today as it ever did.

DCA President Emeritus Nigel Swabey launched the conference looking at some of the challenges and opportunities experienced over the last year.

SHIPPING AND SUPPLY CHAIN FRUSTRATIONS

He and other speakers spoke of how shipping costs have escalated, sometimes more than tenfold, with document delays caused by Brexit leading to ships diverting to Europe. Add to that a doubling of energy prices and the fact that during shut down, there was a consumer shift to digital channels, it's no wonder so many well-known retails have issued profit warnings.

Lorry delays mean stock has taken weeks to come through. Many retailers are also experiencing detention charges as there are not enough ships to take away the containers. This situation means that for heavier items, the cost of freight is prohibitive.

KEEP IT SMALL AND LOCAL

Nigel suggested retailers should focus on smaller items and pivot to UK and Europe for suppliers. "Everyone is in the same boat. Be selective and focus on smaller items". Reassess your supply chains.

Indeed, the option of focusing on local sourcing and manufacturing in the UK was supported by other speakers, notably Chris Nieper, who sources and manufactures 100 per cent in the UK. Chris explained that "by manufacturing in the UK as much as possible, customs and duties are zero. Shipping costs especially from the far east have multiplied around 5 times, we have avoided this. Try and produce locally via a partnership or set up your own factory, which can all be done in stages".

PAPER PRICE RISES

Another issue has been the substantial increases in paper and print costs, with one supplier hiking theirs by some 36 per cent. Give that paper accounts (in the case of Scotts & Co) for 65 per cent of their costs of the package when it mails, this will have a major impact on our industry. Nigel urged that negotiations and sourcing new suppliers are an option, together with downgrading internal paper

quality to around 40 gsm. Having a better-quality cover can disguise this downgrade.

ARE CATALOGUES DEAD?

Nigel spoke of recent press claims that "catalogues are dead" according to the Telegraph, which in turn gave rise to speculation 'is this the end for catalogues?'

Perhaps so, for the larger tomes such as Next, Argos and IKEA. But the Scott's portfolio doubled their catalogue volume in 2020 and are increasing that print runs again by around 30 per cent this year? Why? "Because it is profitable to do so". Johnny Boden was cited as saying that catalogues are vital to support retail stores and websites. When Hawkins Bazaar stopped their catalogues, it impacted significantly on footfall to their shops. Catalogues also drive consumers to buy online.

DIGITAL VS CATALOGUES

Nigel explained that by using a small format recruitment mailing, they can "pull in 30k new customers in space of 6 weeks. This recruitment is achieved at a profit or at worst a very small loss. Conversely, digital will cost around £10 a customer to acquire. Direct mail is scalable - digital is not. Costs are soaring in digital. Direct mail offers value for money, catalogues are much more effective and much cheaper".

"Targeting is key, don't be imprecise- use agile more versatile vibrant and dynamic catalogues".

Sophie Grender, from the Royal Mail, proved that we can still make a physical impact in a digital world, achieving engagement rates of around 94 per cent with mail. She talked about the rise of 'phygital' where 9 in 10 Generation Z (Zoomers born between 1997 and 2012), prefer brand experiences that combine physical and digital. They take notice, trust mail and it drives people to search for more information after receiving mail.

Huge leaps in technology enable us to drive offline to online. That could be via the use of QR codes, Apps to facilitate customers to see products in-situ, scanning products in a magazine and being taken to the appropriate online page.

LIFETIME VALUE

Nigel stressed the importance of the average order value. "Digital advertising is low cost- but what are the ROAS figs you are achieving. Online customers spend less than half than those recruited by DM- order less often and lower order value – which translates to less than the half lifetime value". This was backed up by delegate speaker Paul Pates of Mr. Fothergills who noted that "catalogue customers are the most loyal, spend more and stay longer".

STORYTELLING AND PERSONALISATION

Today's catalogues need to be sleeker, more sophisticated and sell a lifestyle, by telling a story. Matt Fey explained, "We need to create greater emotional engagement to disrupt, delight and drive them to action". People do still like browsing through a catalogue for inspiration

CONTINUES OVERLEAF >

and respite from screen browsing. Personalised direct mail is read, an average of 4.5 times. In the digital age, personalisation is now more difficult. Many prospects are now anonymous so we need to come up with generic stories that still resonate with our customers. Offer a variety of digital advert creatives (3/5 per ad set) for example Facebook can serve Dynamic ads for broad audiences. Also, look at channels such as Pinterest and TikTok.

ATTRIBUTION IS KEY

Nigel urged retailers to look at the true costs of each channel and consider the aspect of attribution very carefully, such as 'source unknown- bucket channels'. Many customers are driven to order online via a catalogue, and 33 per cent of direct mail leads to commercial action, so mailing lists need to be cross referenced against online orders. Remember there are many touchpoints during the customers buying journey- are you over counting? Build an attribution model to fractionally allocate sales to each channel for a deeper insight.

SUSTAINABILITY

Nigel also urged mailers to consider using MailMark and stop using Poly. Mailers need to switch to using envelopes and paper wraps, thereby affording you access to the current sustainable mail rates (which will soon be withdrawn so make the most of them while they last!). He also urged mailers to "search out new packets of data to mail and find new recruitment opportunities".

Rob Bielby looked at the soft opt-in as a means to grow the marketing file. If you are trading online and an email is collected during the course of a sale or a negotiation, that email address can be added into your marketing file even if it was part of an abandoned basket (not just via a cookie) or if captured as a guest checkout.

Rob also reminded delegates that customer data from failed businesses can be bought and used without qualification if acquired correctly and used for the same purpose. But as Nicola Fox emphasised, make it clear why customers can benefit from sharing their personal info with you, such as offering a better service.

INVESTING IN HOMEGROWN TALENT

As mentioned earlier, Chris Nieper OBE- CEO David Nieper, shared the value of sourcing locally and developing homegrown talent. He cautioned that customer satisfaction and prompt delivery is still vital, "you are only as good as your last delivery- disappoint your customers and you risk losing them. Back-end service levels are the make or break for repeat sales. Make it a good experience so customers come back.

Chris also spoke about the importance of staff retention and developing strong links with local schools and colleges. "Don't just think skills- recruit for attitude and train for skills.

OLD LEARNINGS STILL APPLY

Chris Simpson from More2 discussed how we all face growing challenges on how we target, measure, and deliver relevance. The old school classic approach is still relevant today, looking at targeting, interaction, control and continuity.

Points echoed by Nicola Fox "It is important to give your audience what they want to hear not just what you want to say".

Chloe Thomas in her eCommerce master Class urged marketers to look at the offer and then look at the right segments and channels and timing and "structure your teams around the customer and not the channel".

SUMMARY

Whilst paper costs are soaring and supply chains are challenging, there are techniques you can employ to mitigate problems. We all just need to adapt, "winners embrace change" but recognise those old school basics still apply, even in a digital world. We need to be omnichannel and allow customers the choice of how they interact with brands. Segmentation, profiling, and personalisation are still important. The role of attribution is key, and the use of smaller, mail order catalogues that are well-targeted and tell a story, should still be an important part of any marketing mix.

Members can delve deeper and view the sessions on the DCA's YouTube channel

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B2B eCOMMERCE: THE STAKES ARE SET

VIEW ONLINE

BY SAMANTHA MANSFIELD,
HEAD OF STRATEGY EMEA,
LIVEAREA, A MERKEL COMPANY

It's no secret that a new generation of business-to-business (B2B) customers is rising for organisations. Raised as "digital natives," they expect a consumer-like experience while transacting business online. Yet businesses aren't taking advantage of this new opportunity.

The global B2B eCommerce market size was valued at over £4 trillion last year, and is expected to grow. This is especially true in a post-covid world. Our recent research showed that 81 per cent of decision makers are looking to overhaul business strategies with innovation as a result of the pandemic.

CHANGING EXPECTATIONS

Companies are seeing the twilight of the classic 'catalogue, rolodex and phone bank' approach to B2B sales. It is twilight, but it's likely to be a long one as companies re-engineer business processes and invest in technology to adapt to today's new reality. But there's no denying that eCommerce has been a disruptor in B2B sales. Customer expectations and attitudes continue to evolve, influenced by the prevalence of digital commerce in day-to-day life. It would be highly unlikely to find anyone who hasn't ordered something on Amazon or booked travel through Expedia. These same buyers expect that their corporate purchases can be made in comparable ways. Some of this change is generational in nature. Those who have grown up with technology are less likely to answer or pick up the phone to order goods. However, over 70 per cent of 20 – 35 year olds are involved in the decision-making process for product or service purchase decisions in their companies.

THE IDEAL B2B SITE

Implicit in the size and growth rates of B2B eCommerce is the notion that competitive business is up for grabs. The company with the best B2B eCommerce experience will be in a position to lure new business in the digital door. B2B sites that look dated and clunky are not conducive to selling today, they need to have a B2C style user experience. Boxy, text heavy user interfaces do not appeal to modern B2B customers. A B2B site with a friendly, intuitive look and feel of a consumer site can give the buyer a comfortable, familiar feeling.

Mobility also is a factor for a good B2B site. With more workers on the move, online business has naturally moved to mobile form factors at the same time. Consumers need to be able to browse sites and order using tablets and phones. Likewise, those who are accustomed to shopping online want to feel that they are getting all the information they need to make a purchase decision. This means presenting detail-rich, complete online catalogues.

For more complex sales, configure-price-quote (CPQ) solutions enable sellers to generate accurate and highly configured quotes and automating complex product, pricing, and business rules. A robust CPQ solution can make it easier to deliver the right product at the right price, to every customer. A streamlined sales process guides eCommerce customers, sales teams, call centre representatives, and partners in selecting and validating the right products and services.

B2B NEEDS THE SAME APPROACH

For years, the retail industry has been pushing for better experiences with customers, and consumers expect nothing less. B2B is no different. It's why an omnichannel experience is essential to provide customers with what they need, when they need it. That might mean browsing the site, choosing product, but then ordering over the phone and picking it up at a warehouse location. It might mean asking questions over the phone, having the phone-based sales rep set up the shopping cart on the site and then letting the buyer make the actual purchase online. Data about the client's history can make the omnichannel experience powerful for the company. If a buyer logs in and sees intelligent product recommendations based on past history and other factors, like location and season, that will encourage him or her to buy on your site.

Sometimes, only the phone will do, even in this day and age. For those who do still pick up the phone, the B2B site must incorporate a way to contact a knowledgeable sales rep in real time. This may seem counterproductive, but the overall goal of the site is to contribute to a sustainable, profitable, long-term client relationship. If that means fielding phone calls from the website, that's a good thing.

PRIORITISING USERS

As a new generation of digital native customers come online, it's essential to meet their expectations of seamless online ordering. The challenge is to build a B2B eCommerce site that delivers the right kind of user experience. To work, it needs deep B2B functionality presented in a consumer-style interface. An effective B2B eCommerce site is one that offers a low friction experience. This can be achieved by matching industry norms, such as delivery times. Pulling in data from multiple sources also reduces friction by providing whatever level of information detail users expect.

Doing B2B eCommerce well is a challenging proposition. However, by providing great experiences supported by a completely functional site it is possible to succeed.

A GREEN FUTURE WON'T BE POSSIBLE IF THE GOVERNMENT CONTINUES TO IGNORE OUR OUTSOURCED MANUFACTURING EMISSIONS

BY JOHN PERRY, MANAGING DIRECTOR OF SUPPLY CHAIN AND LOGISTICS CONSULTANCY, SCALA

VIEW ONLINE

Following the publication of the government's long-awaited strategy to achieve a virtually zero-carbon economy, my concerns are the lack of investment in reducing the environmental impact on supply chains.

Suppliers' operations are responsible for 65 per cent to 95 per cent of a company's total emissions, yet the government's net-zero strategy and UK targets, yet again, totally ignore the environmental impact associated with the supply chain.

The main issue is that the government is only focusing on emissions created within the UK. However, most goods that are bought in the UK, whether that is on the high street or online, are often manufactured overseas and imported to the UK.

If we look at the cumulative responsibility for greenhouse gases in the atmosphere, then the UK is responsible for far more than just the 1 per cent that the government is fond of telling us. It is unfair for the UK government to say we are making good progress but other countries, such as China, are not, when it is the UK that is happily creating the demand for those products.

Pointing at larger emitters while self-congratulating ourselves is not a constructive behaviour; we as a nation should be held responsible for those emissions, and they should be on our balance sheet as well.

It is incumbent on the UK, on retailers, on brand owners and us as consumers to also consider the supply chain environmental costs of the goods that we consume. All parties must assess the environmental impact at every stage of the process, from raw materials, to manufacturing to transport of these goods made abroad.

Companies must assess and quantify the products they import and need to look at how those environmental impacts can be reduced by working with all the suppliers concerned to take the necessary actions.

THE ETHICAL BUYER DRIVES RETAIL STRATEGY

VIEW ONLINE

- *50 per cent of retailers will focus on the ethical buyer in the next two years*
- *Brand reputation is the main driver behind ethical action, closely followed by attracting and retaining customers*
- *Over half of retailers see reducing their carbon footprint, sustainable supply chains and being a conscious employer as the most important social and environmental issues*
- *However, only a third see reducing the environmental impact as a priority for the next two years.*

New research from RSM reveals that the ethical buyer is having a significant impact on future retail strategies. The ethical buyer came out as the joint top area of focus for retailers in the next two years, combined with demand for more flexible and faster delivery, highlighting the impact consumer behaviour has on future retail strategy.

In addition, more than half (55 per cent) of retailers see reducing their carbon footprint as the most important social and environmental issue that retail businesses need to address; with sustainable supply chains (53 per cent) and being a conscious employer (52 per cent) making up the top three most prominent issues. However, only 37 per cent of retailers said that reducing environmental impact was a priority for them, highlighting a slight mismatch between views and action.

RSM's What's in Store? spoke to 250 retail executives to gauge what issues and consumer trends are driving boardroom conversations and business priorities for the future.

Jacqui Baker, head of retail at RSM UK, said: 'The importance of strong ethical credentials to consumer-facing brands can't be overstated. The ethical buyer spends with brands that have a positive impact on society and are more likely to buycott brands that fall short.

'So, it's not surprising that brand reputation is the main driver for social and environmental changes as high-profile naming and shaming for poor treatment of staff and suppliers not only creates a reputational and commercial risk, but it can make it much harder to attract new staff and customers. Being a conscious employer goes way beyond brand reputation, it needs to be embedded into the fabric and culture of the business to really resonate with employees and consumers.'

Anna Blackburn, managing director at Beaverbrooks, added: 'I couldn't agree more. We take a people-centric approach to business, which has been invaluable during the pandemic. It has not only allowed us to put the safety of our colleagues and customers first; but we've safeguarded the business and continued to grow and invest. Being an ethical business with integrity, community and people at the heart of what we do builds trust and loyalty, which in turn has a positive impact on the bottom line.'

B CORPS: USING BUSINESS AS A FORCE FOR GOOD. NOW IS THE TIME FOR CHANGE.

BY NICK WHITNELL,
FOUNDER OF DARING WORKS
AND TRAINED B LEADER.

VIEW ONLINE

The role of business is changing. Over-consumption has harmed the planet, inequality has risen at a frightening rate and our measures of success have become increasingly short sighted. What if business could become a force for good and be part of the solution rather than the problem?

That's certainly the dream of the rapidly growing community of B Corps – a movement of over 4,000 companies in 60 countries (with 586 in the UK) and includes Patagonia, COOK, Finisterre, Innocent, JoJo Maman Bébé and The Body Shop. These companies are focused on a progressive and sustainable future that embraces this new era of business, balancing the triple bottom line of people, planet and profit in a way that delivers value to all stakeholders. B Corps have become so popular that Ocado and Waitrose now have online 'aisles' dedicated to the brands that have certified and therefore carry the highly desired B Corps logo on their packaging.

Many consumers are now willing to pay a premium for sustainable products from ethical companies and the B Corp certification provides reassurance that their decision is based on substance rather than pure marketing hype. That's why companies wishing to become B Corps go through a rigorous assessment to ensure they meet the three key requirements of legal accountability, verified social and environmental performance and public transparency. This commitment to a deeper purpose means that B Corp businesses have been shown to grow faster, be more resilient to market forces, retain and engage employees and create more loyal customers. COP26 has certainly increased awareness of sustainable thinking so now is the time to move any of your business weaknesses and threats into opportunities and strengths.

The B Corp movement is growing rapidly and it's easy to see why. Any 'for-profit' company which has been trading for at least 1 year can pursue B Corp status regardless of size. If you have been trading for less than 12 months, you have the option of the 'pending B Corp' status which is used ahead of the time you can submit your full assessment. The B Corp framework is incredibly useful to businesses in many different stages of development, ranging from start-ups/scale ups all the way through to large established organisations. The rigorous nature of the assessment means that it can be a useful tool for business owners, investors, and consumers to understand more about business values, vision, and purpose. It will also identify gaps in your policies and procedures which will ensure you can be more effective and focussed on sustainable growth.

The in-depth nature of the B Corp assessment means that it can take time. You can either do this independently or you can use the support of one of the B Leaders who have been trained to support you through the process. The first step is to complete a first run of your 'Business Impact Assessment' which will score your business answers in the areas of workers, community, environment, governance, and customers. This will give you a baseline score

JoJo Maman Bébé is a successful B Corp business

and show you how close you are to the minimum required 80 points. Then it's a process of gathering your evidence, improving policies and procedures, and preparing for the full assessment.

There are some great examples of impactful businesses in the UK that have demonstrated their amazing growth from good. JoJo Maman Bébé became a B Corp in 2016 and has brought the principles of B Corp to life in the following ways – 1. Better as an employer, 2. Better at putting customers first, 3. Better preservers of our planet, 4. Better asset to our local communities, 5. Better in business. This has strengthened the brand and ensured JoJo Maman Bébé has retained a powerful position on the UK high street. This also demonstrates how the B Corp framework can be used to take strategy into purposeful action.

Achieving the B Corp status can therefore be seen as just good business sense which allows your business to grow with purpose from the inside out. This may be one of the reasons the founder of Patagonia, Yvon Chouniard was so drawn to the movement. Yvon is a master of sustainable thinking and considers himself a 'reluctant businessman' who asks some of the most important questions about the role of business, "Who are businesses really responsible to? Their customers? Shareholders? Employees? We would argue that it's none of the above. Fundamentally, businesses are responsible to their resource base. Without a healthy environment there are no shareholders, no employees, no customers and no business." Through Yvon's authenticity, he has created a business that makes the best products for people and the planet while rapidly growing the Patagonia profits and brand, which has become one of the most loved in the world.

Becoming a B Corp is a proud time for a business and also comes with the opportunity to join other like-minded businesses who want to help your journey towards a fairer, brighter and more sustainable future at a time that we need to achieve positive change for all. To find out more, visit the B Corp UK website or contact Daring Works.

ABOUT NICK WHITNELL

Nick Whitnell is the founder of Daring Works and a UK B Leader. Nick helps brands explore the intersections of purpose, marketing effectiveness, and consumer behaviour in order to drive sustainable growth on all fronts. After many years sitting on executive teams and experience of holding the most senior marketing roles, Nick created Daring Works to help brands and agencies benefit from this experience. Nick has now also trained as a B Leader (B Corp) so that he can embed authentic and impactful purpose into business DNA.

WHAT HAPPENED TO GREEN TRUCKS?

VIEW ONLINE

BY BILL LAPIERRE, DATAMANN USA

Why can't you buy a green truck anymore and why is that important to your growth? Hold that thought...

I'm a terrible consumer for companies that spend lots of money on advertising because I tend to always buy the same brands over and over. I have mentioned previously in this blog that I have been driving for more than 47 years, and I'm on my sixth Ford pickup truck.

I hate to admit this, but in 1995, I was compelled to buy a new truck simply by an ad I saw in a magazine which featured a new F150 in a shade of green that I loved. I'm usually much more practical when it comes to deciding when to replace the current truck. That was one of the few times in my life I made a large consumer purchase based on an emotional reaction to an ad, which I even tore from the magazine and saved.

But here is what is interesting – try to buy a green truck today. Yeah, I know – there's a chip shortage and there aren't many new trucks or cars available anyway. But even before the chip problem, there weren't any green ones. I'm sure some truck manufacture offers one, but for the past few years, I've been consciously looking for green pick-ups, and there are none. What happened?

Here's my guess – somewhere along the line, some auto executive latched onto a morsel of evidence that said that green trucks were no longer popular. Or that green truck purchasers had a low lifetime value. So that manufacture killed green as a color option and the rest of the manufacturers, thinking that extensive consumer research had gone into this decision, decided to follow suit.

WHY IS THIS IMPORTANT TO YOU?

There's been a ton of new hiring occurring. LinkedIn is full of postings from companies looking to hire. Every recruiter is slammed trying to find candidates. As each one of these positions gets filled, new employees bring new ideas to established companies. In so many cases, I've seen those new hires get stifled in their new job because they get told "That's not the way we do it here. No one buys green trucks, so don't even bring it up".

Conversely, I've seen new hires – mostly at very senior levels – come in and do serious damage to companies by insisting on changes that were relevant at their prior company but are not necessarily true of

their new job. "I'm telling you; your sales numbers are flawed. I know from my own experience that green trucks don't sell. We are no longer going to sell green trucks".

In many cases, the individuals that make these major changes leave the company quickly, usually within two or three years. With their departure, there's no one around to ask how or why decisions were made. The decision becomes part of company legend, as if a team of data scientists had poured over spreadsheets and spoken to thousands of customers to arrive at the ultimate conclusion. No one remembers – or dares admit – that a former VP simply made a major decision based on either their personal preference (I hate green) or at least on insufficient data.

And so the company no longer does what for so long was successful and profitable. For years. And no one questions it. Sales go into a long, slow slide, which everyone blames on a host of outside factors.

The pandemic created a massive shifting of individuals and staff at companies in numerous industries. No one is hiring any "new" catalogue professionals. If anyone gets hired at a catalogue company, they will be online/eCommerce staff. Online marketers, merchants, and web designers are replacing retiring cataloguers.

There will be a HUGE transfer of ideas and new business methods. Many, many great new ideas will get exchanged. But many bad ideas will get promoted too. The beauty of our industry – catalogues, eCommerce, retail – is that you can easily TEST new ideas.

Don't fall victim to the new VP that starts making arbitrary changes without setting up tests to quantify the impact. Incremental changes do matter. Conversely, don't be a jerk and stand in the way of changes because they run counter to the way you've always done things. Not all new ideas are worth pursuing, but they are worth examining. Do your due diligence.

My inspiration for writing today's post is not green trucks, although my current F150 truck is a pretty ugly bright blue, and I see others like it everywhere – what was I thinking?

My inspiration is knowing that many of you have grown stale. You are fighting supply chain issues, potential paper shortages, inflation fears – the list goes on. And many will question whether having decreased the number of catalogues was a good idea if sales have gone down. There may even be a rush to want to begin mailing catalogues again if they had been previously eliminated. (Of course, there's no paper, but, we'll overlook that point for now).

One point I have stressed over the years is to "sell the dream", but not your dream, your customer's dream. In some cases, a catalogue may be the most effective way of doing that – as in home furnishings where a customer can easily spend $10,000. Or a company may need a catalogue because their customer is 75+ years old, and only 20 per cent of the orders are online. If you have been a constant reader of this blog, you know that I believe that ultimately, mail order companies need to be less dependent on catalogues. But, in both of the cases mentioned above – as well as others – you can try to steer your customer towards a website, but it may not be as effective as still sending a catalogue.

As you hire new staff, keep an open mind to the potential for change, but don't shoot yourself in the foot by following a track that is inconsistent with what your customer wants and to which they respond.

WHAT A TOY SHORTAGE COULD MEAN FOR CONSUMER BEHAVIOUR AND THE GIFTING MARKET THIS CHRISTMAS

BY RICHARD HURD-WOOD, CEO, VIRGIN EXPERIENCE DAYS

VIEW ONLINE

Every family has their 'Turbo-Man' - that one popular toy or gaming console that becomes the latest hot property around the festive season and is seemingly impossible for parents to find. In popular Christmas film, Jingle All the Way, Arnold Schwarzenegger competes against a rival father on a last-minute Christmas shopping spree as they desperately try to find a Turbo-Man action figure for their sons.

Although an exaggeration of frantic Christmas toy shopping season, many parents will identify with the 'Turbo Man' struggle. However, this year, there are warnings that the fictional toy shortage in the film may become a reality – and across more than just one, particular, product.

The Entertainer, one of the UK's biggest toy retailers, is warning that delays at UK ports will result in shortages this Christmas. While toy giant, Hamleys, was recently reported to have stocks of just four of the top ten best-selling children's festive gifts of Christmas 2021 at its flagship Regent's Street store.

The mounting concerns will have parents understandably worried that Christmas could be cancelled for their kids.

CHRISTMAS SHOPPING IN THE POST-PANDEMIC ERA

As the industry attempts to readjust to pre-pandemic levels, demand is outstripping supply. Warehouse space is being squeezed and labour shortages – in particular, among HGV drivers – is growing. This is leading to retailers across a range of products predicting shortages this Christmas, which could result in empty or depleted store shelves.

Rising freight costs have also soared by 500 per cent, meaning that stocks are not only limited but also that the products themselves are likely to become increasingly expensive. Higher manufacturing and distribution costs are often passed onto consumers, leading to a predicted rise in inflation of 4 per cent according to the Bank of England.

This could impact consumer behaviour significantly this Christmas, with consumers being urged to plan ahead and shop more thoughtfully to avoid last-minute panic buying and rising costs.

HOW RETAILERS CAN ADAPT

As the industry enters the high-demand holiday season, early planning and stockpiling can alleviate the pressure on retailers caused by supply chain issue. For example, bringing peak production timelines forward and securing more ports and transit lanes.

However, businesses can also adapt their offering to provide a service that is more flexible. Many businesses will already be well versed in this from the pandemic disruption of 2020 and early 2021.

For example, during the pandemic, Virgin Experience Days offered extra flexibility with the company's Virgin Go-On-It Guarantee committed to extending voucher validity until September 2021 with the option of a free additional three-month extension. We also supported on rescheduling experiences with the consumer and supplier in case of any COVID-related cancellations or otherwise.

Retailers can offer customers similar flexibility to manage any stock and supply chain issues. By relaxing cancellation, exchange or returns policies, offering different delivery options at a range of prices and suggesting viable alternative products if others aren't available.

Crucially, however, retailers must communicate these changes clearly and transparently to assuage any customer dissatisfaction. At Virgin Experience Days for example, we sent a customer email reminder ahead of the September deadline and announced the option to extend by an additional three months.

HOW CONSUMERS CAN ADAPT

Although Andrew Goodacre, chief executive of the British Independent Retailers Association, has said there is "no need to panic buy", he has advised consumers to start their normal shopping process earlier. Consumers can put this into practice by considering their Christmas gift budget, creating a list of recipients, planning their presents and associated costs ahead of time. Spreading out the purchases across a few pay checks and ticking items off the Christmas list early and gradually can help to alleviate some of the challenges of gift shortages this year.

And there are also alternatives for parents to consider buying their children instead of out-of-stock or overpriced favourites. Classic toys that retain their appeal over time are an option, such as art supplies, building toys and board games. Homemade gifts or handmade gifts at craft fairs and independent shops could be another solution.

Parents can also gift their children experiences. After a difficult 18 months of lockdowns, experiences are a great way for families to create new memories together and gift a child something to look forward to. Experiences can work for a range of ages from active experiences such as a mini-golf course or an amusement park, to lessons to spark or feed a particular interest, such as horse riding or baking. It's no surprise therefore that we've seen growing numbers of consumers turning to gift experiences over physical 'stuff', including a 55 per cent increase in sales for June compared to 2019 - before the pandemic.

Despite the strains the global supply chain is under, there is a number of solutions for retailers and consumers to explore before declaring Christmas cancelled. Thinking creatively and sourcing alternatives to popular toys such as experiences means families can beat the toy shortages and look forward to a merry Christmas.

IN AN AMAZON-DRIVEN MARKET, HOW CAN SPECIALIST RETAILERS GET CLOSER TO THEIR CUSTOMERS?

BY ANDY RANDALL,
GROUP COO AT HALFORDS

VIEW ONLINE

They have a secret weapon in domain expertise – that means product centricity is giving way to service centricity.

Specialist retailers have something that the growing mass of online retailers just can't offer – their domain expertise. In many cases a customer needs more than just picking an item off the shelf, or opening a box left on the doorstep. Specialist retailers can fit a part on-site, the customer can book a service slot, or the retailer can even take its skills and expertise to the customer. Here, Andy Randall, Group COO at Halfords, explains how technology both inside and outside of physical stores helps retailers scale their knowledge and expertise to empower employees and ensure customer-centricity across the board.

Retail has undergone a huge transformation in the last two to three years. The online and eCommerce shift had begun long before Covid-19, as Amazon went from book retailer to the everything store – so long as they could pack it in one of its trademark boxes. Pandemic pressures, subsequent supply chain disruptions and growth in a mass of digital market entrants have only quickened this.

The digital retailers have the supply chain covered with expansive global networks, allowing them to keep prices low and delivery times short. It is becoming increasingly challenging for generalist bricks and mortar retailers to compete with eCommerce giants on these terms.

PRODUCT CENTRICITY GIVES WAY TO SERVICE CENTRICITY

The answer lies in the skills, expertise and knowledge that set specialist retailers apart from low-contact market entrants such as Amazon, Uber, and others. This is where retailers offering services and expertise have the edge – think DIY stores mixing paint and advising on building materials, key cutters, dry cleaning experts, home repairers, car parts providers and many more. These retailers rely on the skill of their employees to provide vital services to end-customers.

Even on my recent beach holiday I witnessed this first-hand when renting a paddleboard – I spoke to a man renting boards from a tiny shop in an extremely isolated location, but his experience and equipment knowledge was second to none!

The challenge for specialist retailers becomes how best to scale this knowledge, expertise, and fantastic service across every customer touchpoint as well as all of their employees.

MOBILE RETAIL THAT TAKES SERVICES DIRECT TO THE CUSTOMER

The pandemic has prompted an increasing number of retailers to augment their physical estate with services that bring the shop to the customer's front door. This is where the rise of mobile retail services has taken hold, providing pre-booked services with minimal contact and disruption to the customer. The pros for the customer are many, professional services delivered at their convenience, backed up by digital communications to keep them looped in on slot times, stock levels and arrival expectation.

From a retailer's perspective a move to mobile services can be as simple as procuring a fleet of vehicles and putting their experts on the road. But at the back end they must ensure their software infrastructure is up to the challenge. When slots are promised and services are often vital for the customer, missing an appointment is not an option.

IT'S SERVICE NOT WITH A SMILING ARROW BUT WITH SLICK INFRASTRUCTURE THAT WORKS

This means making sure they have a software system to match the end-to-end mobile customer journey and expectations. That means taking data and putting this journey together, from offering available slots online through to order processing, stocking vans, route optimisation and last-mile delivery.

With a robust software system in place, scale and efficiencies can be quickly realised. At Halfords for example, we have been growing our mobile service vans to fit tyres and car parts over the last three years. We developed our own software, Avayler, to manage this process and ensure the expansion to mobile operations was successful and profitable. Very quickly we were able to increase productivity by 20 per cent on top of our initial projections.

DIGITAL TOUCHPOINTS ARE ESSENTIAL IN THE PHYSICAL STORE

Back in the physical store, manual spreadsheets and creaking retail platforms for ePOS, stock management and appointment bookings cannot provide the level of consistent service and support required by both employees and customers in today's ultra-competitive retail environment.

Retailers must augment colleague expertise through digital means to ensure a

CONTINUES OVERLEAF >

"Even when employees are carrying out services on a customer's equipment, they can use tablets to photograph or film work done and deliver this straight to the customer..."

more consistent and customer-centric shopping experience. Tablets and mobile devices should be on the shop floor to allow employees to quickly answer customer queries, check stock levels and even execute a purchase.

Even when employees are carrying out services on a customer's equipment, they can use tablets to photograph or film work done and deliver this straight to the customer to ensure the highest possible standards of quality and safety.

This assisted selling makes sure employees across the retail business, regardless of their location or skill level, have access to the information they need to ensure a customer-centric interaction.

TECHNOLOGY PROVIDES THE CX DRIVING FORCE

A recent PwC report underlines the vital role technology will play in driving a more customer-centric retail future as consumer expectations continue to rise. The report found that speed, convenience, knowledgeable help and friendly service are prioritised by consumers. These qualities were highlighted by nearly 80 per cent of all survey respondents as being the most important elements to ensure a positive customer experience.

The report states: "Those who get it right prioritise technologies that foster or provide these benefits over adopting technology for the sake of being cutting edge." It continues: "customers expect technology to always work (and are unlikely to take note of new technology unless it malfunctions or interrupts the seamless, friendly experience). They want the design of websites and mobile apps to be elegant and user-friendly; they want automation to ease experience. But these advances are not meaningful if speed, convenience and the right information at the right time are lacking."

UNLEASHING THE SPECIALIST RETAIL SECRET WEAPON – AT SCALE AND SPEED

Never forget, experienced specialist retailers have a secret weapon – their domain expertise and knowledgeable colleagues. They must use this to get closer to the customer, a strategy that will be crucial for survival in a volatile industry. Technology will provide the means to take this value proposition both inside and outside the confines of traditional bricks and mortar stores.

The race is on to move from being simply product centric to becoming truly customer-centric in the brave new retail world.

THE END OF UK INSOLVENCY RESTRICTIONS


BY PAUL REEVES & JOANNE WRIGHT,
MANAGING DIRECTORS,
RESTRUCTURING ADVISORY, KROLL

VIEW ONLINE

The Insolvency Service has announced that temporary restrictions on creditor action, introduced in the Corporate Insolvency and Governance Act 2020, are to be phased out.

These temporary restrictions were put in place prevent businesses suffering financial distress, as a result of the Covid pandemic, from being forced into insolvency. Effectively, this means that from 1 October 2021 a business' creditors can serve statutory demands and present winding-up petitions, albeit that a minimum debt level of £10,000 is required during a phased period ending in spring next year. During this phased period, landlords will still be unable to petition for winding-up in relation to outstanding rent and similar debts.

As we emerge from over 18 months of insolvency restrictions and creditor forbearance, which have resulted in near record lows of corporate failures, what will be the effect on UK businesses now that the protective safety net has been taken away?

It is expected that we will see three distinct scenarios moving forward:

- There will be the zombie companies that have been artificially propped up and likely to offer little resistance to the winding up action coming their way. This, however, will not be the end of the story as the spotlight will then focus on the activities of their directors during this period, particularly in relation to the use of any government assistance.
- There will be those businesses that are inherently viable, but the level of debt means that survival in their current form is unlikely. Potential solutions in this scenario may include a Company Voluntary Arrangement (CVA) or Pre-Pack Administration. Both of these insolvency processes have their advantages and drawbacks, but can ultimately ensure a business' survival.
- There will be businesses that have a significant debt burden but will be able to be nursed back to health without the need for an insolvency process. There may be the potential to ring-fence key certain liabilities such as HMRC debt via a formal Time-To-Pay proposal in addition to considering any debt re-financing or possible capital raise.

In summary, the insolvency emergency room will soon begin to feel the pressure, and directors should be taking early preventative advice, having the status of their company assessed and seeking appropriate remedial treatment.

FACEBOOK & GOOGLE ADS EFFECTIVENESS FUELLED BY TV ADVERTISING

BY RONNY GOLAN, VIEWERSLOGIC

VIEW ONLINE

A consumer analytics company passively measured consumer behaviour 24/7 including all its TV viewing (content and ads), online behaviour as well as offline store visits. The analysis on the impact of TV advertising on online platforms was conducted in sectors such as supermarkets, automotive, travel, insurance, financial services, lottery, gambling and online clothing, which represent a cross section of products associated with both impulse and considered purchases.

Overall, the data shows that consumers who clicked on an online ad or visited the advertisers' website, watched on average 39 per cent more TV ads by that advertiser in the previous week than users who did not click on an ad or visit the website. The study shows that TV's effect on Facebook clicks was the highest and users who clicked on a FB ad saw 48 per cent more TV adverts of that brand in the previous week than users who did not click on an ad. Users who visited the brands' websites watched an average of 28 per cent more adverts and users who clicked on a Google ad saw an average of 42 per cent more TV ads.

The best performing sectors were gambling and online clothes, where those who interacted online with brands – were exposed to 68 per cent and 47 per cent respectively – more TV adverts than those who hadn't. Within these sectors, for brands such as Coral those who clicked on their adverts or visited their website were exposed to a massive 117 per cent more Coral TV adverts than other gamblers. For Jacamo, in the online clothing sector, this figure was 85 per cent.

The Facebook and Google duopoly now account for 60 per cent of all digital advertising expenditure globally or USD $144.6 billion, but their success is clearly being propped by TV advertising who continues to be a most effective medium at brand building and driving online clicks.

ViewersLogic's single-source data shows unequivocally that TV drives online traffic but in recent years online advertising became the tool of choice for marketers because it offered better measurability than TV advertising. ViewersLogic technology can, for the first time, see the whole consumer journey both online and offline and measure accurately how our exposure to TV adverts results in consumers wanting to find out more about a product or a brand by following it through online up to the product purchase. Crucially, its technology can now also measure for the first time, how much brands really spend on generating clicks through online ads by factoring in the impact TV advertising had on generating each online interaction.

For Henry Daglish, the founder of boutique marketing agency Bountiful Cow this new data provides compelling evidence that marketing campaigns need to be more aligned across TV and online to drive sales effectively through advertising. Mr. Daglish said: "Over recent years TV advertising expenditure has shrunk as brands have increasingly shifted their budgets online attracted by better measurability and segmentation but ViewersLogic's data has now shown us that, if used correctly, TV drives the greatest improvement in online performance. This opened for us a new area of analytics and performance improvement that we are now sharing with our clients"

Other studies have shown a clear correlation between a decrease in sales and a reduction in TV ad spend, not only TV advertising has an immediate impact on sales but it is also proved that it manages to significantly enhance the impact of digital advertising. Despite compelling evidence, recently released data by Media Audits shows that TV now account for less than a quarter of ad expenditure in the UK compared to online with over 50 per cent, and this is predicted decline even further this year. With the cost of an advertising slot on TV becoming considerable cheaper, its proven effectiveness at brand building and driving online traffic is it time for smart brands to get back on TV?

DATA FINDINGS BY SECTOR

ONLINE CLOTHING

Of the sectors measured online clothing was the second best performing and those who went on to click on a Google or Facebook advert or onto a brand's website had seen 47 per cent more TV adverts by that brand in the week before the interaction than those who had not (in this case we compared this just with other online clothing shoppers to neutralise other demographic influence (e.g. if online clothes shoppers see more ads than the general population). • Jacamo was particularly successful compared to its competitors and people who interacted with the brand online either through an advert or by visiting their website saw on average 85 per cent more Jacamo ads than other online shoppers.

FINANCIAL SERVICES

Out of all the sectors measured the financial services showed the lowest effect of TV on online behaviour and on average those who interacted with this sector online, saw 19 per cent more ads in the previous week. • The data shows that Totally Money was by far the most successful financial brand in converting its TV audience into clicks and users who interacted with the brand online, saw 69 per cent more Totally Money TV ads in the previous week. • Companies such as Experian, Money Supermarket and uSwitch had a poor cross-media performance and users who interacted with these brands saw only 2 per cent more of their TV ads in the week before the interaction.

SUPERMARKETS

Consumers that clicked through supermarket ads online saw 35 per cent more TV ads in the previous week than users who did not click. • In this sector, Iceland had by far the most successful cross-media campaign, and overall, users who visited the brand's site or app were exposed to 39 per cent more Iceland TV ads in the previous week. Users who clicked on an Iceland ad on Google or Facebook were exposed to 64 per cent more TV ads in the week before clicking. • Waitrose was the worst performer in this sector and users who clicked on its online ads were exposed to only 12 per cent more Waitrose TV adverts in the week before clicking.

AUTOMOTIVE

People who interacted with car brands online saw 24 per cent more TV ads than users who did not interact with these brands. • People who clicked on a Ford or Vauxhall ad online saw 18 per cent more TV ads in the week before clicking than other users. Nissan's cross-media campaign was more effective and people who interacted with the brand online saw 45 pe cent more Nissan TV ads in the previous week. • For Vauxhall, users who clicked on a Google ad saw only 3 per cent more TV adverts in the previous week, suggesting that their TV campaign wasn't particularly successful in driving people to search for the brand.

TRAVEL

Because the travel industry has been severely affected over the last three months, ViewersLogic did the analysis until the end of February and saw that users who interacted with travel brands were exposed, on average, to 25 per cent more TV ads in the week before, than those who did not interact with these brands. • Jet2 had the best performing TV campaign in this sector and those who interacted with the brand online had watched 45 per cent more Jet2 TV ads. Its TV campaign has a specifically good effect on its FB advertising where people who clicked on a FB ad, were exposed to 77 per cent more Jet2 TV adverts than other users. • Perhaps surprisingly, one the biggest travel brands internationally Booking.com, had a poor cross-media campaign and users who interacted with the brand saw only 7 per cent more TV ads of this brand, compared to other users.

INSURANCE

In this sector, those who interacted with insurance brands online had watched 26 per cent more TV ads. • LV Insurance was especially successful in converting their TV audience into online activity and users who interacted with the brand online, saw 49 per cent more LV TV ads in the week before. It did particularly well on Facebook where users who clicked on an LV FB ad were exposed to 115 per cent more TV ads.

WHY BLACK FRIDAY IS A BRAND AND CX KILLER

SARA PARRISH, LEAD CX CONSULTANT AT KROW EAST

VIEW ONLINE

I had the urge to scribble a few thoughts about Black Friday. It's around the corner yet again, and in another few weeks people will be enjoying the big event. Mainly online shopping through Amazon, who introduced this controversial US tradition to the UK about 10 years ago. Firstly, for many it's only tolerable as Thanksgiving is involved – but in the UK we don't even get a five-day reprieve to recover from the hysteria.

The majority of retailers are feeling the squeeze from changing consumer behaviours, a recession, greener spending habits (aka less spending), and the rise of e-commerce vs. in-store. For Amazon, Black Friday exacerbates undercut retailers even more in an attempt to swallow up a higher share of precious Christmas spend. So, what did retailers have to do? They all had to jump in and participate in Black Friday to retain their share.

If that wasn't enough, Black Friday is also an equity and experience killer of the highest order. I wrote this in response to reading through some of the WARC legacy case studies in pursuit of some inspiration from years gone by. In my search for some strong former truths (I highly recommend reading the archives from time to time), I found some docs from 2016 when Black Friday was a fresher concept, yet already questioned by retailers who felt forced to participate in order to compete against the 'Amazon Squeeze'. Here's some revelations from 2016 that remain relevant now:

IT DOESN'T INCREASE SPEND; IT JUST BRINGS CHRISTMAS FORWARD

This entire act of Black Friday doesn't increase spend; it simply just brings forward the timeline of that spend. People aren't actually spending more, as evidence shows, they are just buying sooner. You can see the data where it peaks over Black Friday, and then it's down YoY in those weeks leading up to Christmas.

As the Primark CEO puts it: "Black Friday in the UK is pointless... It seems to have arrived online and although we did not run promotions last year, we saw a lot of people on high streets... But all it seemed to do was bring forward sales, so the week of Black Friday was good, and the following week was bad and if you average them together sales were fine..."

IT'S A BRAND-EQUITY KILLER

"Heavy discounting, unpleasant retail experiences, disappointment, late fulfilment and high returns are a perfect storm for erosion of brand equity."

Here's what happens. A bunch of retailers who really want to make this money put on Black Friday sales. A bunch of people try and buy a bunch of things all at once. The websites crash, the queues are awful, the delivery window is long/unpredictable, the customer service lines are swamped, the employees are miserable and the subsequent fallout of the returns process is elongated. All in all, people are left with bad experiences from brands struggling to organise operations in a way to successfully facilitate really good CX. So, there you have it. Is it worth risking all of this for your brand? Surely it doesn't deserve this.

"WINNING RETAILERS WILL OFFER A CONTINUOUS EXPERIENCE"

This quote from five years ago still rings true: "The long-term winners will be the brands that can offer a fluid and rewarding experience online and in-store. Success will require increased access to information online, together with a gratifying and unique physical experience in-store. It also requires a major shift in mindset: no longer are retailers selling, but they are helping people buy."

What's happened since then? Not much, in my mind. Some gimmicky stuff, but nothing really revolutionary (except that maybe the term 'phygital' is now a thing).

Five years ago, this article was talking about 'showrooming' (going to a store and then Googling where to get it cheapest/fastest online) and 'webrooming' (finding it online and then going into store to try it on before purchase), yet I can't think of great examples where retailers have embraced this and made it work. I can, however, think of good experiential in-life activations, and some digital powerhouses – but nothing comes to mind where it's a lovely stitched-together experience of the two.

WHERE DO WE GO FROM HERE?

Deviate from the discount madness, zero in on the experience. We're still fawning over REI's case study to close shop on Black Friday. We still pine over Patagonia's decision to do the same. Think forward to when we can imagine a scenario where people pick experience, convenience and brand equity over bottomed-out prices to make purchase decisions (spoiler alert: they already are).

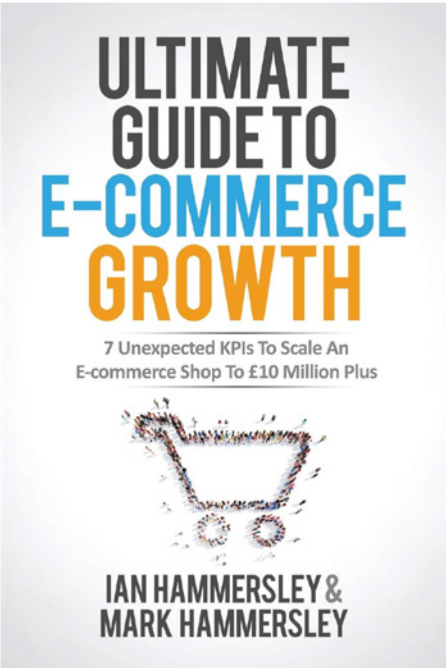
In conclusion: the WARC studies and subsequent data don't lie. Black Friday doesn't benefit business, and it doesn't benefit the customer; it's lose-lose. This is as relevant today as it was in 2016 when those case studies were first published.

At krow, we understand that long-term sustainable growth comes from delivering consistent value over time, which customers understand and associate with the brand. Value isn't just about price, but it takes some backbone in the boardroom to resist joining the race to the bottom when all your competitors are doing so. However, it can – and does – work. Customer experience and brand equity are your most powerful allies for long-term growth, so don't go killing them with Black Friday.

ULTIMATE GUIDE TO SCALABLE eCOMMERCE PART 8

BY IAN & MARK HAMMERSLEY

VIEW ONLINE



GROWTH OF SIX- MONTH CUSTOMER RECRUITMENT YEAR ON YEAR

This is the total number of customers recruited for the past six months compared to the same figure at this point for the prior year. This reveals the best metrics to predict whether growth will continue. This figure has to be tracked, as it is not available in Google Analytics. It's one of the things we realised was a valuable figure to look at, and you can work it out in Excel using your real customer data. If the total number of customers stopped growing, it becomes like a headwind, or more like a wall. It's harder to achieve other KPIs and succeed with them when the number of customers continues to decline year on year.

For this KPI, we look at year-on-year results because if you notice the number is declining year on year, it means you have less growth than you've had before. We check this number in six-month blocks, because looking at one month at a time won't provide a true picture of what's happening. You cannot look at recruitment in December and compare it to the other months of the year as you will be getting vastly different recruitment figures in December due to seasonality. Averaging out over six months, using the running total for each month and comparing it to where you were last year at the same time, gives you an important look into your customer recruitment rate.

For instance, let's say you wanted to see if you've experienced any growth between August and December of 2016. You'd compare the number of customers recruited during those months to the same time (August to December) in 2015. If you're growing, and your customer recruitment rate is staying the same, you're probably going to be okay, as long as your customer rate doesn't go down. However, most businesses want to increase their recruitment rate. If you understand the amount you want to increase your recruitment rate, that will help you build a model for where you want to be in six months or in a year.

Because of this, the six-month recruitment rate is one of the key figures that lets us know if growth is working well.

When you compare a recent recruitment rate to a previous one, look and see if the rate is dropping; this should be a warning sign. You're going to have a much harder time growing your business, even with the other KPIs. Some KPIs, specifically those that deal with conversion, directly affect your customer recruitment rate. As these KPIs increase, increasing the customer recruitment rate becomes easier. Bottom line: you have to make sure all your channels are working to deliver customers to you.

If your customer recruitment rate is dipping, some questions to ask include:

- What trackable things have you done to contribute to this? Have you changed your recruitment offer? Have you reduced your AdWords spend? Are you not recruiting as many customers on social media?
- How are your other marketing channels performing? If they are not delivering customers to you, figure out which channels are not recruiting as they did the previous year, then dive in and tweak what is wrong.

The customer recruitment rate year on year is a good way to measure your business's progress and growth. It can help you recognise early warning signs, so adjustments can be made.

THINK IN TERMS OF E-COMMERCE SALES FUNNELS

To recruit new customers you need a new customer recruitment sales funnel. To introduce this idea quickly to you let me show you one client's marketing funnel.

On the right you can see how 'hot' this marketing is. By hot we mean how close to making a sale the marketing activity is. But we start with freezing, because we know that if we don't fill the funnel in the top, then nothing will come out the bottom.

You start with the hot layers first and then build out. Once you get this all working together an e-commerce site hits its tipping point.

Malcolm Gladwell talks about that moment when EVERYTHING HAPPENS in his book The Tipping Point.

With our online stores this happens with our marketing campaigns. That's hard for a beginner to get their head around because they might spend x amount on Facebook or AdWords and get nothing and so stop.

Facebook is particularly prone to the tipping point. This is because when you start a campaign your advert has no social interaction, therefore no social proof, and people write you off. Spend another chunk of money on the ad and suddenly you have likes, shares and comments that show you are the real deal. Our more simple funnels involve flushing out the potential buyers with Google Shopping and then remarketing to them based on site behaviour with carefully selected ads on social media and email.

These remarketing ads tend to only work once they have social proof, comments and shares.

The simple one-two-three punch works like this:

1. Get people who are interested in buying x product to put their hand up on Google Shopping/AdWords.
2. Remarket to the people that didn't buy (Facebook, GDN, e-mail) with content that shows that:
   » People love this product, e.g. good reviews, lots of likes, shares and comments.
   » Lots of people buy it, e.g. images of products in actual buyer homes.
   » This brand delivers, e.g. good third-party reviews for shipping and experience.
3. Post-purchase follow-up to make sure these buyers buy again as quickly as possible.

The trigger point for the whole sequence comes when point 2 is working and triggered. That's the essential step that moves your offer above the competition.

Most e-commerce store marketing we see do point 1 and then have a tick-in- the-box point 2 strategy that never triggers. So, results are poor. (NB. Regarding point 3, we very rarely see this done well at all. With one of our biggest customers we spent ages working out the exact amount of free loyalty points to give with each first-time order to receive the most repeat purchases in the next 30 days.)

HOW TO RAISE THIS KPI–SIX- MONTH CUSTOMER RECRUITMENT

- Create a split testing program for key landing pages, use a tool like

CONTINUES OVERLEAF >

unbounce to quickly iterate to higher converting offers and imagery.

- Close the revenue attribution loop, i.e. if phone calls are a decent proportion of revenue use a tool like Response Tap to match phone order value to marketing spend. Only when you understand the full value of all marketing can you work out where to spend more.
- Use split testing to work on your key SEO pages. Google measures rank factors such as bounce rate. Therefore, highlight the SEO landing pages and split test them in a tool like Optimisely just for natural search traffic. Work out which images get the lowest bounce rate, what fonts, what layout, etc. These can be blog pages or product pages, but make sure your SEO landing pages have high engagement and Google will send you more traffic and often natural SEO traffic is new customers.
- Work out the weakest times of the year for recruitment; what can you do to reduce the impact? Can you move the sale earlier or later, what do you need to do to keep recruitment high when attention is lower?
- Try using social proof on product pages, such as 'James from Manchester just bought the Avalino Suit' or 'Low Stock Item and Five People Viewing This Right Now.'
- Be dynamic with your offers; many of the big UK sites like BooHoo have a dedicated offer team that change the offer throughout the day based on how sales are going. If demand is high they reduce the offer, if sales are not going so well they roll out better offers to hit the target. They react in real time to the market conditions with variable delivery rate, etc.
- Use countdown times with real offers that run out to create urgency.
- Have a reason why on your offers, psychologically having a reason why you are having a sale makes it much more successful, for example, 10 Year Birthday—London

Fashion Week offer—try and tie it to what the consumer is already thinking about.

- Don't use tick-in-the-box remarketing; instead, work out your 'remarketing stack.' Work out the critical sales cycle using Google Analytics, e.g. three days or seven days, and then tailor your remarketing so that the prospects get different messages each day. Day 1—key objection number 1—social proof, Day 2—key objection number 2— returns information, etc., and mirror this across all remarketing channels—Facebook, Google, etc.
- Identify new customers on the site and give them different offers than existing customers. Understand their history on the site.
- Make it very easy for repeat visitors to find what they were looking for last time on the site; put 'recently viewed products' right in their path in the main navigation.
- Make sure the basket is persistent and it's still there when they come back on the same or different device.
- Sculpt your affiliate scheme to reward customer recruitment above all else, pay more for new customers and work with affiliates that can drive new customers to the site, give them more incentive and sales thresholds so they feature you more in their emails. Make sure your affiliate scheme has the best statistics on Affiliate Window (or equivalent) for your market so you become the obvious choice to push.
- Optimise your Google Shopping product feed for traffic; it's not a done- once-and-forget activity.
- Use a tool like Mouseflow to watch new visitors on the site; what do they struggle with, how do they navigate? Tag them so you can separate them from existing customers as these guys already know how to use the site. Optimise for the new visitors to make it easier for them to get started.
- Create engagement devices on the home page with a tool like 'lead quizzes' to increase engagement and to allow them to find what they need quickly.
- Make sure the site can handle Black Friday email sendouts without falling over!
- Positioning—sometimes less is more; try removing low click through products in categories to see if they are lowering the brand value in the new visitors' eyes.

RECAP: GROWTH OF SIX-MONTH CUSTOMER RECRUITMENT YEAR ON YEAR

Your recruitment rate should stay the same or increase year on year. If you compare the last six months to the same time last year and the rate is lower, there is a definite issue. Sometimes it's another KPI. Other KPIs that affect conversion rates can affect your recruitment rate. Fixing these other

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indicators will usually help increase this KPI.

KPI: GROWTH OF SIX-MONTH CUSTOMER RECRUITMENT YEAR ON YEAR

This refers to the total number of customers you have recruited in the last six months. Add these together, then compare them to the same data gathered the prior year.

Put it to use:

- This KPI helps you determine if your business will continue to grow.
- Cannot be found in Google Analytics, but may be worked out in Excel.
- If this number declines, it means you're experiencing less growth. This is a warning sign.
- Some KPIs will affect your recruitment rate. If they aren't doing well, your recruitment rate will show it.

Answer the following:

- Use an Excel sheet to calculate your current six-month recruitment rate. What is it? Compare it to the previous year's. Did the amount increase, decrease or stay the same?
- If the number decreased, look at the other KPIs. Are they functioning as they should be? If not, what steps will you take to resolve this issue?
- Consider other trackable things you've done to contribute to a lower recruitment number. Write them here and check each one.
- What marketing channels do you use? How are they performing?
- What steps can you take next to increase your six-month customer recruitment rate year on year?

AVERAGE ORDER VALUE ROBUSTNESS

The average order value is compared year on year. This is available in Google Analytics but what's key here is the ability to grow traffic while keeping or increasing the average order value. As you add traffic and spend more in channels like Google AdWords, the law of diminishing returns means that incremental traffic is going to be more expensive as you bid on more generic terms. You cannot afford to do this if as traffic grows the average order value declines. It's simple math, but extremely vital.

If your AOV is too low, then it will act like a noose around your e-commerce store, stifling growth. If you have a low AOV, you need an increased amount of lifetime customer value, otherwise you simply cannot grow.

So ideally you need one of the following scenarios:

- High AOV and 1.5x purchase frequency a year.
- Low AOV and 5x purchase frequency a year.

Also consider your margin. If your AOV is low, such as an AOV under £50, then your margin is going to be tighter. This means you have to be very careful with your cost per acquisition. AOV and LTCV are very significant if you want scalable growth.

Fundamentally AOV is important to your website, because this KPI is another way to give yourself an immediate increase in revenue. As you increase traffic and conversion rate, there's no point in increasing the add-to-basket rate or checkout-to-order rate if your AOV value is too low. Even if you're experiencing more sales at a lower value, this still might mean less revenue. As you increase the traffic to your website, you want to see your AOV being robust. As your AOV reduces, it also does the following:

- Reduces lifetime customer value.
- Reduces overall revenue.
- Reduces cost per acquisition needed on channels like Google AdWords making you need a much higher conversion rate than your competitors.

So, how do you increase the average order value?

- Allow bundles.
- Increase the use of machine learning to understand what products are bought often with other products to make purchases easier.
- Improve navigation to make it easier for customers to move around your website.
- Find one-click upsells for the basket pages that are a no-brainer. Like 'add a belt for £5 to the pair of trousers in your basket.'
- Improve the look and features of your website.

- Frequently bought together functionality.
- Post-purchase upsells through the use of payment methods such as Stripe.

A key way to increase the AOV is to understand and increase the number of items that customers add to basket. There are two ways of increasing your basket size. It's pretty simple: you either increase the number of items in the basket, or increase the prices. Plugins and extensions can help you with either of these options with simple systems and widgets.

If you want to increase the AOV significantly, like by 50%, the best option is to increase your basket value. You can increase your price slightly and maintain your customer base, but you'll fundamentally change your entire shop if you attempt to achieve a 50% higher AOV by raising your prices. Customers are not likely to purchase something for £200 they could have paid £100 for yesterday. You have to be careful as the AOV can be a fundamental part of your value

proposition, so changes can (and should be) done slowly. A good target would be to increase AOV by 10% year on year.

For higher AOV, increasing the basket size is the best bet. The best way to increase the AOV is to increase the perceived value and ease of buying more. You could try doing an Amazon Prime-style approach offering next-day delivery for a year in return for a small fee. We've seen this increase conversion in all cases.

For example: A simple system shows items that are frequently purchased with the item your customer has already added to their basket. This system can be manually populated by you or can be created automatically on your site. Obviously, an automated system is always best.

You can also create bundled promotions and slight discounts for additional items. These are very easy to implement and if you don't offer bundles, we always say it's like leaving money on the table.

Just think, you've already done the hard work. You got their attention, you've led them to your site, they've added items to their cart and believe in your store and your product enough to complete the purchase. Why wouldn't you offer additional add-to-basket items for a quick extra sale? If you ignore this one feature, you're going to lose a lot of revenue annually.

HOW TO RAISE THIS KPI– AVERAGE ORDER ROBUSTNESS

It's important to increase the average order value while scaling traffic. There is no point doubling traffic and halving the AOV, as this would put you in exactly the same place revenue wise.

So here are some of the ways we have moved this KPI north:

- Making it easier to buy more will always help; one way to do this is to move to a payment method like Stripe which can save credit card details for a short period of time. This allows you to get the transaction in the bag before offering a one-click upsell. Traditionally you would have had to offer the upsell prior to the checkout thus increasing friction before the checkout. Now you can offer a post-purchase upsell with no downside.
- Use machine learning to offer related products and set the metrics to increase return on visitor. The amount of data machine learning can use will mean over time it will beat your manual suggestions.
- Make your site super fast. Buyers will allocate subconsciously x amount of time for their purchase. If the site is super fast then they will look around for other items and add more to the basket. If the site is slow then they will buy only the essentials and sometimes give up entirely.
- Use social proof to show that 'most people buying this tend to also buy this' as a suggestion to help people buy more.
- Spot common paths throughout the site and put them onto the add- to-basket pop-up, i.e. if people buying x product tend to go back to y category after adding an item then show that as an option on the pop-up. Or if they tend to check out after they have added four items point them in the direction of the checkout.
- Optimise category listings for revenue per visitor, rather than bestseller order. This will push products

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that overall produce the highest value for their view, rather than just getting an order regardless of the size.

- Split test the free shipping threshold and optimise for revenue; you will find a sweet spot that is often different from the guess that you started out with.

- Offer discounts that increase with the basket value. Tell people how much they could save by adding x amount. See vendors like Beaverbrooks who do this well with their jewellery, i.e. spend £50 and get £25 of free jewellery—then when the buyer has £75 in their basket tell them 'if you added £25 of jewellery to your basket you would get £50 worth of free jewellery'—then when they have £150 worth of jewellery in their basket tell them 'add £50 worth of jewellery and you would get £100 of free jewellery' and so on.
- Create 'get the look' bundles so that people can add many items that go together to the basket all in one go.
- Offer a gift card to increase average order value. If you have a free delivery threshold you could offer buyers the option of topping up their purchase to the threshold with a gift card. This means they get free delivery and can use the gift card on the next purchase.
- Show order increasing offers with countdown timers to increase scarcity so people act sooner rather than later.
- Use the reward scheme to increase order value by offering double points over a certain purchase threshold.
- Offer a free product as an incentive if they spend over a certain amount.
- High price anchoring—split a very high priced product alongside your bestsellers. This high priced item won't sell that often but will make the other products look much better value as the visitors will be anchored to the higher price.
- Use personalisation when existing customers visit the store. You know what they already own and you can offer much better suggestions based on their previous purchases. You can even offer them upgrades on their past purchases, for example, an extra pair of trousers for the suit they bought on a previous visit.
- Offer finance to make it easy to spread payment. In Australia a service like Afterpay works really well by not charging the buyer any more and splitting the payment into five payments.

RECAP: AVERAGE ORDER VALUE ROBUSTNESS

While perhaps not the first KPI you look at, the average order value is probably the most important of all seven. If this value is too low, your add-to-basket rate or checkout-to-order rate cannot grow. It also affects your lifetime customer value, revenue and marketing costs.

KPI: AVERAGE ORDER VALUE ROBUSTNESS

The average, compared year on year, of the average value of orders and traffic growth.

Put it to use:

- You should always keep an eye on your average order value, as it can stifle or improve growth, depending on whether it is low or high.
- You should have a high AOV and 1.5x purchase frequency per year or a low AOV and 5x purchase frequency per year.
- As you increase the amount of traffic and the conversion rate of your website, your AOV should increase as well.
- If your AOV isn't robust enough, it can negatively affect other KPIs.
- Increasing the customer's basket size or checkout amount can improve AOV.

Answer the following:

- What is your average order value? Is it high or low compared to the traffic rate and conversion rate you have?
- What are three products on your website that are frequently purchased together?
- What are three ways you can increase your average order value?
- Do you normally offer bundles? Do you think your customers would be open to purchasing more from you if they got a bundled promotion at a slight discount? Why or why not?

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